THE EMPIRE CLUB OF CANADA

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2016-2017

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THE EMPIRE CLUB OF CANADA

2016-2017

113th Yearbook

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses
2016–2017

GOD SAVE THE QUEEN

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Paul Fogolin
President, 2016-2017

THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

Serving as President of the Empire Club has deepened my love and understanding of Canada. The Empire Club plays a significant role in Canadian public discourse by creating spaces for forward thinking Canadians and international leaders alike to engage in honest dialogue, and to present courageous thinking in addressing the nation, and world's, key challenges and opportunities.

We live in an era with greater access to information than ever before. Smartphones are ubiquitous and access to seemingly infinite information is at our fingertips, in a most literal sense. As a result, we are constantly inundated with a cavalcade of news, images, videos, and opinion pieces. We have reached the point where the validity of news itself has been called into question and must be verified before being trusted. We certainly have a historic amount of information at our fingertips, quite literally, but are we truly informed? Do we take the time to dive deep into the issues of the day, to listen to more than a soundbite... to learn beyond a few hundred characters at a time?

At the Empire Club, our guests are afforded that opportunity; a rare moment to devote a substantial amount of time to hear those closest to the issues of the day speak their minds, debate, engage and educate. Now, more than ever, this is something to be cherished.

The other aspect of our club I would like to highlight is our passionate commitment to history and tradition. This passion is demonstrated through the chronicling our engagements in the form of this Red Book, wherein we publish our annual compilation of speeches; a unique snapshot of our country's living history, available to millions via digital access. This passion is celebrated at all of our luncheons as we toast both Queen and country. This passion is fortified, each and every year, when we gather to honour our past Presidents and celebrate Canada and the Commonwealth.

During our 113th season, I had the pleasure of hosting a remarkable roster of speakers who addressed a myriad of fascinating topics, ranging from cyber security and the future of healthcare, to the role the business community needs to play in reconciliation. Each speaker was memorable in their own way, their contributions to our national dialogue forever etched into history in this edition of the Red Book. My season also presented a unique opportunity as it coincided with the celebration of Canada's 150th anniversary. To honour this historical occasion, we hosted a special "Sesquicentennial Series" where our guest speakers were able to reflect on how their organization or institution has played a role in shaping the history of this our country, and to elucidate on the direction we are headed in the years to come.

At 33 years old, I was one of the youngest Presidents elected in our Club's history. My relative youth afforded me a unique perspective, and I was motivated to focus extra attention on what we could do to modernize the Club and attract a new audience. In order to ensure continued success, the Empire Club must constantly evolve without sacrificing our identity. To help achieve this objective, I was committed to launching a new series of events that would provide an opportunity for a new audience to experience the Empire Club in a different, but equally compelling format.

I am proud to have launched our first ever Evening Events series. These events feature compelling speakers, just like our lunches, but in smaller more intimate settings at a lower price point geared towards a younger audience. With a greater focus on audience interactivity and networking, the Evening Events complement our traditional lunches and provide a new entry point for inquiring individuals to experience and participate in an Empire Club event.

It was not an easy task, but the Evening Event concept proved to be successful. We held four Evening Events in the inaugural season, our first being a very memorable conversation with Canadian statesmen Bob Rae the night after President Trump's unexpected election victory. I am thrilled to see that the series has been embraced by successive President's and continues to thrive and evolve. The Evening Event series has great potential to expand our audience and I am looking forward to seeing these events grow to new heights under future leadership.

I would be remiss if I did not thank the directors and staff that worked to make our 113th season so outstanding. The success of our Club is a team effort, and what a remarkable team we have. Our directors are talented and diverse, representing the best and brightest from various sectors and areas of expertise. I was supported by a marvellous slate of directors who each made a commitment to invest their time and effort to support this noble institution. A special thank you to Past President Noble Chummar for recruiting me onto the Board and opening the door to this magnificent opportunity. Last but not least, I want to acknowledge the support of my dedicated and hard-working staff – Taylor, Jehan and Erin, thank you for the tremendous effort and commitment you brought to the Club this season!

It was truly an honour and a privilege to serve as President of the Empire Club of Canada. I am humbled to have had the chance to further the legacy of this iconic institution, and I know that the Empire Club of Canada will have a future as bright and illustrious as our storied past. My experience as President of the Empire Club was fulfilling, engaging, at times challenging, and ultimately unforgettable; a memory I will cherish for a lifetime. My son, and first child, will be born later this year. One day I will share this Red Book with him, and together we will reflect on the tremendous opportunity his father had to serve as President of the Empire Club of Canada.

Paul Fogolin,
President, 2016–2017

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The Empire Club Presents

AMBASSADOR BRUCE A. HEYMAN

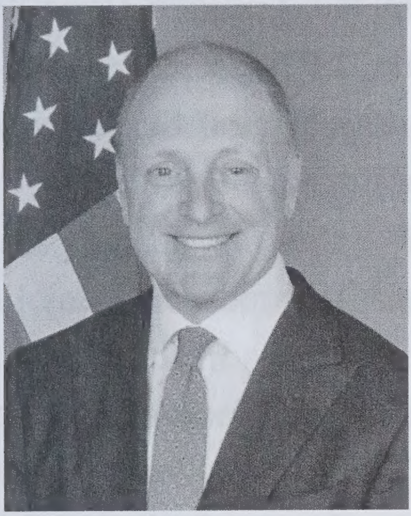
UNITED STATES AMBASSADOR TO CANADA

IN CONVERSATION WITH KATHERINE MURRAY WITH OUTLOOK FOR THE U.S.-CANADA RELATIONSHIP

[illegible] 12, 2016

Welcome Address by Paul [illegible], Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada.

The Empire Club Presents



AMBASSADOR BRUCE A. HEYMAN

UNITED STATES AMBASSADOR TO CANADA

IN CONVERSATION WITH CATHERINE MURRAY WITH OUTLOOK FOR THE U.S.-CANADA RELATIONSHIP

September 12, 2016

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Welcome back, ladies and gentlemen. I hope you enjoyed your lunch. Good afternoon from the Arcadian Court in downtown Toronto. Welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our webcast, our podcast, on Rogers TV, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask that each guest rise for a brief moment and be recognized when I call their name. Traditionally, we say hold your applause until everybody has stood, but nobody ever listens to that. This season, clap away as much as you like as I call names. We are doing things differently.

HEAD TABLE
Distinguished Guest Speaker:

Ambassador Bruce A. Heyman, United States Ambassador to Canada

Guests:
Mr. Robert Deluce, President and Chief Executive Officer, Porter Airlines
Ms. Pamela Griffith-Jones, Chief Executive Officer, Nieuport Aviation Infrastructure Partners G
Mr. Vijay Kanwar, Co-Founder and President, KMH Cardiology and Diagnostic Centres
Mr. Marco Mendicino, Member of Parliament for Eglinton–Lawrence and Ontario Caucus Chair
Ms. Catherine Murray, Host, Business Day PM and Market Call Tonight, Business News Network
Mr. Michael White, Chief Executive Officer, IBK Capital Corp.
Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada
Mr. Geoff Wilson, Chief Executive Officer, Ports Toronto; Director, Empire Club of Canada

My name is Paul Fogolin. I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

You may have noticed some smiling faces greeting you as you came in today. Those are our friends, the students joining us from Centennial College. There they are. Let us give them a hand. I would also be remiss if I did not acknowledge a few other guests with us today. This being our kickoff to the 113th season, I have the support of my girlfriend, Candace Devai, and my parents, John and Linda Fogolin. I will not make them stand. We also have three Past Presidents of the Empire Club with us today, which is tremendous. We have Mr. Noble Chummar, Mr. Peter Hermant, and Mr. Gordon McIvor.

In celebration of our 150th birthday, which is next year, and this being our second event in the sesquicentennial series, I would now ask our guest, Ambassador Heyman, as well as Mike White, our sponsor, to join me on stage. We have this tradition where we blow out the candles to celebrate our sesquicentennial. As many of you know, in 1903, the Empire Club of Canada was actually founded by a group of men who were generally concerned that Canada would join the United States. Well, in 113 years, we have come a long way. As we approach the 150th anniversary, we remain a sovereign nation; the Queen is still on our money; and the prospect of manifest destiny is about as likely as the Leafs winning the Stanley Cup this year. This year, okay?

Hang with me. In fact, our club has had the honour of hosting a U.S. Ambassador representing virtually every American president since our founding. In perhaps a slight twist of irony, I, myself, am actually a dual citizen. Times have, indeed, changed.

To borrow an observation from author, C.S. Lewis, there are two basic types of relationships. In a two-way relationship, people look at each other. In a partnership, they look in the same direction, together.

Today, we are privileged to welcome as our guest speaker, a distinguished American who, as his country's chief representative in Canada, is well-versed in partnership. Bruce Heyman was confirmed as President Obama's personal representative to Canada on March 12, 2014. Since his appointment, Ambassador Heyman has been coast to coast, traveled to every province and territory and been welcomed by Canadians with open arms wherever he has traveled. His portfolio includes, but is not limited, to trade, border issues, energy, environment and global cooperation. Furthermore, Ambassador Heyman has played a pivotal role in orchestrating Prime Minister Trudeau's, now iconic, White House state dinner, as well as President Obama's historic address to Canada's Parliament earlier this year where the president received a rock star's welcome and was serenaded with chants of four more years, if only. You could say Ambassador Heyman has a front-row seat to the now-famous Obama-Trudeau bromance. In all seriousness, the mutual respect between our two leaders illustrates just how close our two countries are aligned these days. This is a very good thing because now, perhaps more than ever, it is imperative that our countries look in the same direction, together, to meet the challenges we both face, but also to remind our partners around the globe that we are, in fact, stronger together.

Our current global climate is one fraught with economic uncertainty and haunted by the specter of terrorism. Perhaps, most concerning, is a growing number of political leaders are advocating for a turn inward in order to protect and to placate an increasingly frustrated and fearful middle class. Ambassador Heyman will address these subjects and more, today, in conversation with Catherine Murray.

First, I would like to share a few facts about His Excellency. Bruce Heyman is a 33-year veteran of Goldman Sachs, where he served as the Managing Director of the Private Wealth Management Group from 1999 until December 2013. Mr. Heyman has served as a board member for the Chicago Council on Global Affairs and the Northwestern Memorial Hospital Foundation. A Magna cum laude graduate with both a BA and an MBA from Vanderbilt University, Mr. Heyman continues to maintain close ties to his alma mater where he is past president of the Alumni Board.

He and his wife, Vicki, have three grown children, David, Liza, and Caroline, and three grandchildren, Emma, Clara and Brooks.Ladies and gentlemen, please, join me in welcoming His Excellency, Ambassador Heyman, and Catherine Murray, to the stage.

His Excellency Ambassador Heyman in Conversation with Catherine Murray

CM: Thank you. Thank you very much, Paul. Great to be here. Good afternoon, everyone. Great to be with you, Ambassador. Thank you.

BH: Good to see you.

CM: Great to see you, as always. Let us pick up on what Paul was just talking about as it relates to the relationship between Canada and the United States. It has been so strong for so long, but there is a renewed focus on it with a little bit of concern, which is quite new for many Canadians and probably Americans as well. What is the latest? What is the update? What is your assessment?

BH: My assessment—first of all, Paul, thank you for the kind words, and thank everyone here for your generous time today and allowing me to have a little lunch with you and some conversation about the U.S.-Canada relationship. The U.S.-Canada relationship has never been stronger than it is right now. Let us build upon what had taken place. I thought I would give you a little background as to how we prepared for a change in government a year ago, and then how this last year has progressed. Then, if you would not mind, then I can take it into the path ahead. Virtually, a year ago now, you were in the middle of a campaign.

A lot of things were being said by all different parties.

What we were doing at the Embassy and in all of our consulates was taking time to prepare for a change in government. Either there would be a re-election of the sitting Prime Minister and there would be governmental change—typically, that would happen, in terms of either ministers or goals or aspirations of the sitting government—or you would have a new leader and a new party taking hold.

What we did, just so you have a picture, in our Embassy—picture all of you working in the Embassy: We have various departments of the U.S. government all represented within the Embassy. I have that group come together every week in what is called a country team. In that country team, we typically go through and have tactical conversations as to what is upcoming and about visitors and the issues and opportunities that we are working on bilaterally with Canada.

In this particular case, during the election,what I did was I gave everybody in the room an assignment. The assignment was as such: Let us prepare for the new government, and what the top priorities of your agency in the United States are. What would you like to see get accomplished with new government? We did that around the room. Not only did we do it around the room, but I forced every single person to stand up and tell everybody else around the room, so the commerce department could hear what the border people were talking about and the folks over in the econ. group could talk to the commerce department, who could talk to FBI and the Department of Homeland Security and everybody else who is represented within our Embassy. We had that conversation. They did not just come up with that uniquely within the Embassy. They worked with Washington to develop those strategies.

Then, I flew to Washington. I did the same thing in Washington. I brought together the heads or deputies within each of these departments. We had a sit-down session to talk about Canada and the importance of the relationship, and we talked about the various parties and what we thought may or may not happen in the election coming up, but, more importantly, we talked about what the goals were for each of the parties and what they were articulating up here and how that fit for us.

Now, the Embassy, our consulates, the U.S. government in Washington—we were all on the same page going into your election. The most important thing I articulated to everybody was that while we had things that we would like to get accomplished, before we would sit down with the Canadians and talk about any of these things, it was important to understand what the Canadians would like to get accomplished in the new government with the U.S.-Canada relationship, which is what we did right away.

Good news is the campaign really brought out a lot of those goals. We found ourselves, very early on, understanding what the new government wanted to get accomplished, and we worked directly with the new government. What did we do? We were joined at the hip in Paris and were completely communicating the goals and aspirations of what we would like to get done in Paris on the climate change. It was, although announced later publicly, we had extended right away an invitation for a state dinner. That happened as a result of the work that we did in the Embassy and throughout Washington. And the focus on Canada that was even before the election was done—this was being bantered around, and we were talking about this. We were very quick to do this.

It was the first time in nearly 20 years a state dinner had taken place, and President Obama had very few of those. People asked me, "How did that happen so fast in a brand-new government?" It was the work that was done going into it.

We then did the state dinner, but a state dinner really is just a celebration in the evening. What happened during the day was where all the real work was done. What happened getting ready for that day, in the months before, is where we drove the outcomes for that. Sitting there across from the president and the prime minister in the Oval Office, was one of the most amazing experiences for me, personally.

If all of you could sit in that room, you would see, by extension, the true caring, love, friendship, partnership that was taking place between these two men and our two countries, and you would have been incredibly proud of what was going on in that room.

It was shortly thereafter that, in fact, at that meeting, the prime minister asked the president to address Parliament. First time in 20 years that it ever happened in Canada—a president coming in and speaking before Parliament and committing to a North American Leaders Summit, which was the first time in nearly a decade that that had happened in Canada. We have had a very productive time. We have laid the foundation not only for the next few months in the balance of the administration, but we have laid the foundation, I think, for many, many, many years to come.

Prior to that, we also had a good relationship—and do not get me wrong: I have described a lot of things that we achieved bilaterally, but nearly 10,000 visitors from the U.S. government come to Canada on business every year. What is that? We work on everything: Food safety; we work on military; we work on trade; we work on environment; we work on everything you can possibly think of. We do it together. That is going to continue regardless. I will tell you: The foundation of this relationship is bigger than anyone occupying the White House or 24 Sussex.

CM: I think that is what certainly a lot of Canadians are most curious about because, as we discussed earlier, today, 77% of our business is directed towards the United States. It is our biggest client, if we are all in business. It is critical. It is crucial, and it sounds as though in this current relationship between the prime minister and the president very much interests align. Because of that, to your point, a lot of that has gotten done.

Let us just peel it back a little bit in terms of what some of the underlying concerns are and, if we can, alleviate those concerns.

BH: I think you will have to articulate to me what you think the concerns are. I have been pulled aside at every point across this country and asked about the election. Let me give you, first, some context. As a U.S. diplomat, I am required not only practically, but by law, not to support any candidate for any political party or office. It is called the Hatch Act. I want you to take that and take my comments, going forward, in consideration. I represent 330 million people in the United States—people of all parties, persuasions, backgrounds and then even people who do not care about such things.

Keeping all that in mind, I believe, based on the businesspeople that I have spoken with, based on individuals, based on everybody, that the U.S.-Canada relationship will be firm and rise above anything that has anything to do with the election. I know election dialogue can cause people some angst because of the rhetoric that happens in elections themselves. I will tell you, we are going to get through this next 60-plus-day period. We will have a new president. The only prediction I will make is it will be somebody from New York State. Other than that, I have a lot of confidence. I think, as both presidents take hold, one of the things that we are doing now—I articulated about a change in government and preparing for it. Well, we are doing the same thing in the Embassy today, preparing for a change in government in the United States.

What are we doing? We are building, together, the priorities for all those departments, but we are also communicating with you, Canada, with the Government of Canada, with individuals and taking that into consideration as we develop this platform. Our plan is—whether it is this ambassador or the next—to sit down and articulate to the sitting U.S. government, the new U.S government, the priorities for this relationship. Given where those priorities are and how I know they are coming together, the way it reads is: Number one trading partner, largest border that we have, NATO ally, partner in NORAD, partner in environment and climate, partner in the Arctic, partner, partner, partner. I think that, regardless of who is in the White House, they will recognize that this relationship is an important one—if not the most important—in the world.

CM: And probably one of the strongest in the world, and it certainly has been for a very, very long time. With respect to some of those key objectives, let us talk about what has been accomplished over the past 14 months or so. I know you have been inordinately busy. What are some of the key accomplishments that you think you have achieved so far, that we have all achieved?

BH: First of all, we sit together, and we talk about all of the things that we face together, as partners. I think you articulated that well at the beginning. In doing that, when we made the announcements that came out of the state dinner, a large portion of those announcements related to the border.

The border. When I travel around the country and I ask everybody what the number one thing that he or she thinks about—whether it is a businessman or woman, whether it is an individual who is going on vacation or somebody who is studying, and whether it is in terms of functioning at the provincial level, the municipal level or the federal level is, everybody mentions the border and the functioning of the border. I think we accomplished a lot in our meeting in Washington. What we did is we began to discuss the various things and needs that both sides had. The border, to function well, needs to do two things: One, it has to have appropriately fast and easy transit of trusted traders and travelers and people who we have confidence in, and it moves very quickly and expeditiously. Two, it is appropriately difficult to transit the border for those people that potentially want to do either side harm or, at a minimum, that we have more questions for.

We already, by the way, have an incredibly active border. About 400,000 people, on average cross the border every single day, 400,000. We have 120 border crossings. Toronto Pearson Airport is now the fourth largest entry point into the United States, with nearly 6 million passengers going through Pearson Airport to the United States every year, which is pretty incredible.

To balance that out, we need to sit down and find what works for you and what works for us. How do we find that balance? We agreed to information sharing; we agreed to share no-fly lists. But in addition to sharing the no-fly lists, we want to make sure there is a redress possible, that if somebody ended up on that list, and they do not think that they were supposed to, that there is a way to get out. We also agreed to expansion of preclearance here at Billy Bishop, and Billy Bishop, and Billy Bishop—also Québec City and Montréal Rail and Via Rail out west. This agreement moves from air to land, marine— and it is really a new-generation version of our Pre-Clearance Agreement, which has been in place for a very, very long time. I think we have done a lot with the border.

I also think in the North American Leaders' Summit, there are several key announcements that were made. One, they had no news, very little pickup, which I think is the most important announcement of all, which I will come back to in a second. The second, which was also head news and is very important, is to get to 50% renewable energy by 2025 in North America, which is a great laudable goal. The item that did not get much news, which I think, actually, can stand to be one of the most important, is something called the "North American Caucus." We all came together, our three countries, Mexico, Canada and the United States, and said that if we have like viewpoints around political, economic, global issues, then we should come together as the North American Caucus and use a singular voice that would be much more powerful in the world. I think the initial focus was really through Latin and South America, but I can easily see this become a singular voice where we can come together and articulate our vision in Europe and in Asia and in Africa and in other places around the world. Information, working together, meetings are going to start taking place this fall—and trying to really beef up the North American Caucus.

CM: Ambassador, with respect to trade—you mentioned it briefly—maybe we can put the economic hat on, but I think many people would like to hear your views of the U.S. economy right now, as you have spent 33 years at Goldman Sachs. It is such a hot topic, and it is highly debated in terms of whether it is strong or whether it is weak. There are underlying issues, particularly, with respect to the rise of populism and what that is telling us.

BH: Bear with me. I will go through a little bit of an economic dissertation. When President Obama came to office—I remember that cold January day so clearly at inauguration day— we were losing about 900,000 jobs a month. Unemployment was skyrocketing. The financial system was in near collapse. The auto industry was about ready to collapse. We were in a financial crisis, and a large part was due to the leverage that was done on home ownership, but all kinds of debt were under pressure. The stock market was in freefall, and we were in deep crisis: "Welcome to the office, Mr. President." Oh, by the way, shortly thereafter, there was an oil well that was leaking, and they said, "We have an oil well leak in the Gulf of Mexico." I am sure he said, "Okay, fix it," and they said, "We cannot." This is how the first few months began for this man.

Here we sit today. Let us just fast forward. Yes, the oil well has been capped, thank goodness.

More importantly, unemployment went and peaked at 10%. It is now 4.9%. We added 15 million jobs. The auto industry not only is growing, but thriving and hitting record sales levels over each of the last three years. Home prices have re-bounced significantly. The stock market, by almost all measures, is near-record highs. Interest rates are low. The level of debt relative to GDP, the deficit we are running on an annual basis is now down in the 2.5-ish range percent after getting up close to 10%. Health care is provided to millions of people that were not provided for before. Oh, by the way, just as an aside, we have an Iran nuclear deal; Cuba relations that have been opened up. I think the president's legacy is going to be rich and wonderful, but what is going on? What is with this populace thing?

Let me peel back the unemployment and maybe tell you the number a little bit. We are at 4.9%, unemployment. If you have a college degree or higher, it is about 2.6%, full employment. Unemployment—if you do not have a high school degree—is kind of between 6.5% and 7%. What is happening is—and I believe the United States is the leader in the world in terms of technological innovation, entrepreneurship, disruptive change and all of that that has been going on that you read about so much—we are simultaneously displacing workers in the middle class, especially people that do not have lots of different skillsets.

All of a sudden, you have this technology that is getting implemented, automation, and it is happening at an increasingly fast rate as technology is ramping up. If you have lost your job and you now, by the way, found another job, but you do not make anything close to what you were making before, or you are struggling to make ends meet, you are very frustrated. Wages, for that group, have actually fallen a bit. Wages for the top people in our economy, the top 1%, the skill-based, have increased. The gap between rich and poor has widened. You have this frustrated public. I believe a large portion of it is related to automation and technological change. It is hard to say you blame your iPhone for your loss of a job. It is hard to mentally say that. It is easy to sit down and say it is because of some trade agreement or to say some other country has taken those jobs away. I believe that it is misfocused. It should be focused on the fact of technological change and that we are in the middle of that era right now, and we are going to have to get used to this. By the way, I think it is going to get worse before it gets better because the technological change is happening at an increasingly fast rate. We are going to have further challenges here with the population, and we are going to have to create the appropriate transition time in our economy for those that need new skills. They can get new skills. I do not think anybody is really beyond the skilled training level. But we are going to have to have appropriate safety nets in our society to get us through this transition.

CM: Ambassador, is that being looked at as—obviously, it is a real situation—a situation that needs a solution? And what are the discussions surrounding what that solution might be, because it is, clearly a very, very difficult time. To your point, everybody can always learn and gain new skills, but that is difficult to do for a large group of people.

BH: I do not think there is a panacea. That is the problem. You cannot just—swish!—this is the quick fix. We cannot say we do not want automation and innovation, and that way we will just keep the jobs of all the companies we have, because guess what? Some other country or somebody else is going to do the automation innovation, and they will put us out of business. You have to continue to keep up and innovate and create. The president used this language. If you go back and look at the speech he gave in Ottawa, he talked about automation. We should not let automation be a driver of the gap between rich and poor, and we should take that into account.

The reality is—again, I think we had this conversation earlier—my generation, people like me, we, are immigrants to the technological age. My children are first generation of the technological age.

Maybe their children are just native to the technological age. Some of you arrived in this country. How much, when you first arrived here, of the customs and language and all of that was so foreign? And how many people do you know go to their children and ask, "How does this iPhone work?" We are, I am an immigrant to the technological age, and I am trying my best to adopt to the new skills. We just have to get through it, just the way we went from an agrarian society to an industrial society. A lot of people lost their jobs on the farm, and that is all they knew, farming. We tried our best to figure out how to get them into the industrial age, but there were some periods of time where it was just incredibly challenging for those people. What would happen, though, even in that time, at least when technological change was happening, when the car came versus the horse and buggy, is that it took a while. You can see it coming.

Now, with technological change that literally can replace people, employees and services overnight, quickly, the ability to transition to that is becoming more challenging. I just think this is going to be one of the challenges that not only the next U.S. government, but the whole western society and developed nations have to adjust to. I think, in part, maybe this had something to do with the Brexit vote. Maybe, in fact, this has to do with the frustration that people have with various leaders. As a leader, as a government, you have two responsibilities, and everything else falls under these: Prosperity of your people and safety. If you can provide prosperity and safety, you can stay in charge forever. Sometimes circumstances get beyond your even control in being a leader. I think this prosperity nature is under question for those people in that middle segment that are going through this change in the economy.

CM: It is interesting. So often we focus on China in terms of their changing economy, but the reality is it is exactly happening here in North America. Brexit, to your point, was emblematic of that, for sure. I am just switching focus here a little bit, Ambassador, and I think, well, that we spoke briefly on Friday, and I know you were very, very busy on Friday, as you always are, but I am quite curious—and I think most of us probably would be—about what a day in the life is like for you as Ambassador to Canada.

BH: It is wonderful. You get to represent the United States here in Canada. It is just fantastic. There is no normal day, but I will run through some of the things that we do. Obviously, if I am in Ottawa or anywhere else, what we have done is we have put a team together that works on accumulating the media from around the world, all publicly available media, and brings it together, distils it down for me.

I have expanded it. It used to be just an Ambassadorial briefing. I now open this up to everybody within the Embassy community, and I go in a conference room after settling in the morning, and the press team comes in and reviews the press. But it becomes almost a semi-mini strategy session because as things come up in the press, I then bring the entire team around the table and say, "Okay, this was in the press. How do we respond to that? What do we say? What is the real story? What is the back story? Is this true or not true?" We end up making mini strategy sessions. This is great. By the way, it has evolved, for me, so that we have the currency; we have the price of oil; we have breaking news around the world, top headline news for the U.S. We also have anything that has a Canada-U.S. basis to it anywhere in the world, which happens to be almost everything because we do almost everything together.

I then sit down. I also get some time during the day, and I get a full-on security briefing, a confidential briefing, on the things that may affect the U.S.-Canada relationship. I get public, private—two different briefings every day. That gives you context.

The rest of the day is filled with a combination of government, business, social interactions. Where this has now gotten is that the benefit of being here, now, two-and-a-half or two-and-three-quarter years is that there are a lot of push and pulls. We have travelled coast to coast to coast, so to all the provinces and territories. We are getting a lot of requests from across the country, so it is about sorting through these things and then how to prioritize—and we always prioritize the interactions with the Government of Canada at the top, and then we work from there.

Our days are running right now as up at six in the morning and in bed at midnight, and probably working almost all times between that. I have never worked harder in my entire life. I have not unplugged yet. I did have a couple of times unplugged. Somehow, I think the Embassy found a cottage, and it took me a while.

CM: Otherwise, it is seven days a week.

BH: And seven days a week. You are on seven days a week. You are on call. If an ambassador needs to leave to go back to the United States or another country, you need permission from the U.S. government; you need to notify the Canadian government; and you need to designate someone who is going to be the chargé d'affaires. It is a very formal process to do that. The Obama administration also made it very clear that we want our ambassadors to be ambassadors. You are going to be in country, and we do not want you out running around back at the States or doing things unless for business, and there is an appropriate amount of vacation, but not very much.

CM: Within your portfolio, your focused areas, what is next for you in terms of developing some of those key areas that you have already been focused on?

BH: Let us go through them really quickly. It is trade; energy and the environment; it is cultural diplomacy and the work that we do culturally across our borders. My wife, Vicki, has taken on a very substantive role with that, with what we do in the world on a multilateral basis. And then there is the border and tying that all together.

I would say there are several things that are out there that we should focus on and that we should do. I know that it gets a fair bit of headlines when we have differences or we are working on negotiating some aspect of trade, but the reality is that we have to keep perspective of the $669 billion U.S. trade and goods and service relationship we have with Canada and how large that is and how you move the dial and how you take that. I continually tell Canadian businesses, "If you want to expand internationally, we are asking you to look at the United States and select U.S.A. We are running a whole program of selecting U.S.A. If you want to expand beyond Canada in foreign direct investment, select the U.S.A. and do that.

I do think that there is this component that exists between our two countries on trade that can have the biggest change between our two countries and how we can trade more. And that is regulatory cooperation. The differences that we have—and I call it the narcissism of small differences that two sets of regulators have, two sets of rules, though the rules are not exactly the same and are slightly different—is killing trade. When I sat down with the head of Campbell Soup, he said to me, "I would like to make more soup. I would do it in Canada, but the can size, the packing size, the trucking is very different than what we do in the United States, so we cannot do it." Coca-Cola says, "I would like to make Diet Coke in Canada and ship it to the United States, but I cannot because the labeling on aspartame is different." Lipstick with SPF, sun protection factor, is a drug in Canada. It is not in the United States. To do that, you have to get drug approval. Baby car seats are different. We all know we want to protect our children in car accidents, but the regulations would say if you are driving across the border, you have to take the Canadian seat out, put the U.S. seat in or vice versa. These are just some examples. *It is killing us.* It is killing us that we have these differences. It just grinds, and you do not see it because it is not the close of a plan; it is just the decision not to expand on one side of the border or the other.

I think that if we elevated this to its most serious level, we could find a place and say, "Okay, let us draw a line in the sand here.

These are all the regulations we have; these are the ones we have yet to develop; let us make sure they are the same when we go forward. If they are going to be different, let us have a process that you have to go through to make them different. If you are going to keep them the same, we can move ahead." If you are going to be different, you have got to have an appeal process, and you have got to demonstrate why. Maybe it is for health and safety. It is maybe for other things. I am not saying one does it better than the other; I am just saying we should do them together if we really want this to work.

CM: Ambassador, we recognize that there is a problem. How hopeful are you that we are actually going to really make some progress?

BH: This working group called RCC, Regulatory Cooperation Council, has now been moved to the Treasury Board. Scott Brison and I have talked a number of times, and he has emphasized to me of the importance that the Canadians are going to take with this. I would say—and we have OIRA back in the States, but we have a lot of other regulators—point of optimism.

In this last meeting that took place, there was one other third path to make this work. The United States recognized Canada's food safety measures to be acceptable even though the food safety and inspection measures were different than the U.S.'s. There is only one other country we have done that with. I believe it is New Zealand. The point being that we can also get to a point where we can say, "Yours is different than ours, but it is okay." We just agreed to that. There is light here, but I would ask everybody here—as I will ask them directly—is to pay attention to this because these small things are like small cuts: Before you know it, you have bled out. It is a real impediment to doing effective trade.

CM: Ambassador, we have come full circle. We started with the conversation about the Canada-U.S. relationship. What are your words of wisdom in terms of how we should all be thinking about the immediate, which are the U.S. elections?

BH: Yesterday was the anniversary of 9/11—15 years. We took a substantial amount of time to pause and thank Canada, once again, for the role that you, individually and collectively, played during that time period of great difficulty for our nation. Many Canadians, though, said to me, "You do not have to thank us. That is what friends are for. That is what we do." I can assure you that we would be there for you on any day, and we are there for you every day as I know you are there for us. We are such incredibly close friends. We may not agree where we are going to dinner on a certain night, and, as good friends, we may debate that out, but there is nothing that is going to break this bond. Like every relationship, it continues to thrive by paying attention to it, by nurturing it. You cannot take it for granted.

I have had the most amazing experience being here for these last two plus years. I am your greatest advocate back in the United States telling stories about the importance of this relationship. That will not end on any given day or any given change of administration. I commit to you that I will continuously be a strong U.S.-Canada advocate who promotes this relationship and the importance of it in this complicated world today.

We mentioned Brexit just briefly. We talk about the stresses that are happening in other continents. We are very, very lucky to have each other as neighbours. I have said over and over that if the U.S. could go out and just pick any other country in the world, if we would just pick who we want to be our neighbour, we would pick Canada. This is the greatest. Not only would we pick Canada, but we got Canada. This is even better. We are family. The Peace Arch over at our border crossing at British Columbia and Washington says, “Children from a common mother,” and we are, even though I now learned this club was formed thinking that somehow we were coming in and Canada would become part of the U.S. Whatever motivated you to have this great club, I think that is great.

CM: Thank you.

BH: I have one last point. That point is the following: If you know an American who is living in Canada, regardless of party, tell them to vote. This is the year that they should vote. They should vote in this election, and it is very easy. All you have to do is to go to fvap.gov, and it will take five minutes, if that, to fill it out and get a ballot, and you will be able to vote in this upcoming presidential election. With it is a right and a privilege. Wherever Americans live anywhere in the world, they have that right and privilege to be able to vote. I just encourage everybody to do that. It took me just a few minutes, so I promise it will not take a long time because I am an immigrant to technology, remember. Thank you.

CM: Thank you, Ambassador. Thank you very much. Thank you. Appreciate it. Thank you

Note of Appreciation, by Geoff Wilson, Chief Executive Officer, Ports Toronto; Director, Empire Club

On behalf of the Empire Club, I would like to thank you, Mr. Ambassador. I think when we reached out to you some months back, we probably underestimated just how interesting this conversation was going to be. I think Catherine Murray did a magnificent job in posing the questions that we really have on our minds. You spoke freely and you spoke candidly and, frankly, sir, you spoke with what appears to all of us as a great affection for Canada as it is for your own home country. I think all of us would join me in thanking you, sincerely, for taking the time to come and speak to us today, for sharing your views, for helping us to understand a little bit more behind the curtain. We wish you the very best in continuing to represent the United States in Canada.

Concluding Remarks, by Paul Fogolin

Now, for the other thank you, the thank you to our sponsors, who make these lunches possible. A generous thank you to our sesquicentennial series sponsor, once again, IBK Capital, and to our VIP reception sponsor, Nieuport Aviation, and to our student table sponsor, Ports Toronto.

I would also like to thank the *National Post,* which is our print partner, and Rogers TV, who is our local broadcast partner. We would like to thank mediaevents.ca, Canada's online event space for live webcasting today's event to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are very active on social media. Please, follow us, if you do not already, at @Empire_Club on Twitter and visit us online at empireclub.org. And follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon. We have some extraordinary events coming up this month in September. Our next is "The Next Generation of Leaders Panel" on September 19th, where the discussion will be focused on maximizing our greatest resource, our youth. Mr. John Chen, CEO of BlackBerry, will be joining us in conversation on September 26th. Finally, on September 28th, we have the CEO of Bombardier, Mr. Alain Bellemare, joining us for a conversation as well.

Thank you so much for your attendance today. Once again, Ambassador Heyman, thank you for coming. The meeting is now adjourned.

The Empire Club Presents

THE NEXT GENERATION OF LEADERS: THE YOUTH ELEMENT: MAXIMIZING YOUR GREATEST RESOURCE

WITH
ANDREA COHEN BARRACK, SEVAUN PALVETZIAN AND DANIELE ZANOTTI

MODERATED BY:
VALERIE CHORT

September 19, 2016

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, once again, to the 113th season of the Empire Club of Canada. For those of you just joining us either through our webcast, our podcast, or on Rogers TV, welcome, to the meeting.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. At this point, I would usually say not to applaud until all of them have been asked to stand, but nobody ever listens to that. When I call everybody's name, I will ask them to stand, and, please, feel free to clap as much as you can.

HEAD TABLE

Distinguished Guest Speaker:

Ms. Andrea Cohen Barrack, CEO, Ontario Trillium Foundation
Ms. Valerie Chort, Vice President, Corporate Citizenship, RBC
Ms. Sevaun Palvetzian, CEO, CivicAction
Mr. Daniele Zanotti, President and CEO, United Way Toronto and York Region

Guests:

Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation; Director, Empire Club of Canada
Ms. Wafa Kadri, Director of Youth Strategy, Royal Bank of Canada
Ms. MJ Perry, Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada
Ms. Susan Uchida, Vice President, RBC Learning

My name is Paul Fogolin. I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

Something worth noting: I think we actually have more women than men at the Head Table, today, which is something to be proud of. If only boardrooms could follow suit, then we would really be making progress, right?

We also have a table of students from Centennial College joining us today. There you are. Please, feel free, stand up.

This year, at the Empire Club, we are making a concerted effort to expand our scope of guests outside of the traditional roster of corporate CEOs and politicians. The diversity of perspectives will afford us the opportunity to address a wide array of subjects in a meaningful way. Today's distinguished panel of executives representing not-for-profits and government agencies is an excellent example of this principle in action. I am thrilled to hear them speak, today, about the next generation of leaders.

Born between 1980 and the year 2000, millennials now represent the largest employment sector in North America. I was born in 1982, so I suppose I, myself, am a millennial, barely, but still, which makes me keenly interested in the discussion today, so no pressure guys.

It has often been said that millennials are changing the hiring landscape by rejecting the job-for-life routine. They are completely aware that social security will be bleak, at best, and they practice a more laissez-faire approach to employment. Side jobs, temporary work, contract work are more within their scope. You have also, no doubt, heard many stereotypes about millennials in the workplace: They are lazy and entitled, compulsive job hunters who have little regard for their more experienced colleagues and expect regular promotions. Does that sound familiar? On the positive side, apparently, all millennials are tech savvy social media gurus who are eager to please and learn, and they bring a fresh perspective to the workplace.

As we know, attempts to draw definitive conclusions about large groups of individuals are always problematic. That being said, in many ways, millennials are different than previous generations, not only as workers, but as the recipients of programs and services delivered by the organizations represented here today.

The focus of the panel will be as much on youth as the organizations that employ them; it will also be on what they do to incite collaboration and create opportunities for young people to thrive. Our guest speakers are not only responding to the next generation of leaders, but they are helping to shape them. Without further ado, it is my pleasure to introduce our extraordinary panelists.

Andrea Cohen Barrack is the CEO of the Ontario Trillium Foundation, one of Canada's largest grant-making foundations. OTF works to build healthy and vibrant communities through investments in human and social services, arts and culture, sports and recreation, and the environment. A transformative leader, Ms. Barrack has a demonstrated history of both developing strategies, which promise positive change, and leading others to deliver on those promises.

Please, join us up on stage, Andrea, as I call everybody's name.

Sevaun Palvetzian has been CEO at CivicAction since January 2014. Before CivicAction, Sevaun held several senior executive roles with the Government of Ontario, including, leading the Ontario Place Revitalization project and launching the Youth and New Professional Secretariat, a government-wide strategy to attract and retain future generations of leaders. Sevaun, welcome, to the stage.

Mr. Daniele Zanotti was named President and CEO of the United Way of Toronto and York Region in June of this year. With more than 20 years of experience in the public and non-profit sectors, he has earned a reputation as an accomplished, strategic and energetic leader. Daniele served as CEO of United Way York Region from 2007 to 2015. Under his guidance, the charity launched new initiatives to foster community dialogue; invested in more targeted and effective ways; and brought new social services to the communities most in need. Daniele, welcome, to our stage.

Last, but not least, our moderator today is Valerie Chort, VP of Corporate Citizenship for RBC and Executive Director of the RBC Foundation. Valerie is responsible for the development and execution of RBC's global corporate citizenship strategy, which includes strategic philanthropy; employee 'citizenship' engagement; corporate environmental affairs; and social innovation and finance.

Ladies and gentlemen, please, join me in giving a warm welcome to our panel of next generation leaders.

Andrea Cohen Barrack, Sevaun Palvetzian, Daniele Zanotti and Valerie Chort

VC: Good afternoon, everyone. Thank you so much for joining us and taking part in this conversation. As I reflected, there are no millennials on the panel, so we will do our best to represent and convey all of the learnings that we have had through the many experiences that we have had to date in this regard.

As was mentioned earlier, we will be really exploring two perspectives. These organizations hire and are, increasingly, to different levels, engaging with a number of youth as employees. They bring a unique perspective in having to listen to youth, having to think about what the leadership of tomorrow looks like and how they look at responding and quickly evolving their programming to being able to shape the leaders that we do need for tomorrow, in terms of linking that, also, to our prosperous Canadian situation. Looking forward to that discussion.

When I think about the number of millennials at RBC, they make up just one third of our population to date. That is, today, when I look at what are leaders going to need for tomorrow, those leaders are currently in place with some of those millennials, but the way that they will choose to lead, that their expectations around leadership is also evolving quickly.

We need to think about what do we need to do, as an organization. Even speaking for RBC, how do we better need to pivot and react and change some of our fundamental programs and policies that we have in place to be able to capture that? I just wanted to call out one key example of that. It was actually championed by Susan Uchida, who is in the room. It is called our Career Launch Program. It was really geared to bring and help to facilitate the transition from education to employment and allow these bright individuals the opportunity of experiencing not only work within RBC, but also work within the not-for-profit sector because we need to better understand what motivates a sense of purpose for young people.

It is interesting that, when we do a lot of post-metrics with respect to this programming and ask employers, in terms of for the not-for-profit, and the Career Launch associates, what has been their best experience, to date, a significant number—over 82% of them—say that they have really benefited from the not-for-profit experience. The response back from the agencies that they have been working with has been that they have brought a new sense of optimism. They have looked at new ways of actually delivering some of the key programming. Both parties actually learn. We learn, in terms of RBC because, in fact, we have the ability to do a lot of feedback loops and also understand what we need to do to change, internally.

And we have a Career Launch associate, Josh, who is here, and is doing his work term within United Way. It is really nice to be able to see that.

As we start on this conversation, I think it would be helpful to better have a sense of how each of the organizations actually engage with youth from their perspectives. Maybe we will start with you, Andrea.

AB: Sure. Thanks, Val. We have two different perspectives that I think I am going to be addressing today. The first is that we have about a third of our employees now that are considered millennial. We have had a huge cultural shift in that because, just three years ago, we were only at about 18%. We have had to really respond, as an organization, to figure out how to keep up with this evermore agile workforce. There are things about that that are fabulous for us. We want to harness the energy of that because we know that millennials are far more engaged in social issues. While they may not have a lot of paid experience doing the kind of work we do, many of them have been contributing to social causes since they were able to read and write. There is a lot of benefit there.

There is some tension around the fact that there is lots of questioning of assumptions and maybe rejection of bureaucracy. We are a government agency.

I am not saying we are bureaucratic, but there is a tension there. On the flip side of that, we have obligations for transparency. We have just recently come under the "Freedom of Information Guidelines" that we have to do. Actually, for our younger cohort of folks, it is not a big deal. They have grown up with that just being the reality in living in the public sphere.

The second piece is what we grant to. In the last fiscal year, we granted about $32 million into youth-led or youth initiatives. That is just under a third of our annual budget. How we make sure that we are engaging in those initiatives with youth matters greatly. We want to make sure that we are having a positive impact, and we really need to frame how we are thinking about that into the future. Of course, our youth-led initiatives are coming up with all kinds of different models that are innovative and different to be able to try to get to that impact. We are going to try to measure it over time and see how it goes. We are keenly interested.

DZ: About $87 million are invested each year at United Way into community. I will speak for a few moments on how we connect young people to opportunities, how we create pathways for them to succeed in life and then how we champion that work internally.

Matt lost both of his parents when he was five and went from group home to group home.

One bad choice and he ended up in juvie.

At the barber in Newmarket, they told him about this little community program that was happening up in Georgina. He went in for this summer program to do woodworking and design. This kid has hands of gold. In short order, they decided that Matt was going to be the lead hand. Then, they connected him to this United Way job program down the street. That job program created a pathway for him to get to post-secondary education and a career that is going to change his life. Through that, he linked up with our network program, where he has got now a mentor just about his age—a little bit older—who is working in the region in the same field and helping him navigate the job. One day, he aspires to being on our GenNext Cabinet where other millennials from across the region are doing good.

That is just one example of how United Way works on the ground to connect people to programs and agencies. Then, we create pathways for them to connect to mentors or post-secondary education. Deep down, at our core, we continue to invest dollars for community to respond to youth and emerging issues.

SP: I have the great privilege of being the CEO of CivicAction. For those of you who may not be as familiar with that, we are a city-building organization. We like to figure out what those big, urban issues are that need an all-hands-on-deck approach and then get on with seeing action. I like to say we are CivicAction, not civic chit-chat. We focus on getting stuff done. You cannot get something done in this town without millennials. Eighty percent of our staff are millennials. It is all I can do to keep up with them.

We work with the next generation a couple of ways. The first is we run some programs that take young people from the sidelines to the driving seat of shaping this city and this region. In fact, today is the launch of our next cohort of CivicAction Diverse City Fellows. Every year, we pick 25 rock stars. I am talking this is the Navy SEALs program of civic leadership. We pick 25. A few of our fellows are here this morning, which is phenomenal. We put them through what we think of as a civic MBA. You come out on the other end ready, armed, loaded and ready to take on challenges that shape the city and region for the good. That is our concentrated program: 25 per year.

We have an Emerging Leaders Network of almost 1,000 rising leaders from across the GTHA that are plugged in. That is the less concentrated version. It is phenomenal. Some of the leadership of our Emerging Leaders Network is here this afternoon, as well. That is on our emerging leaders front. I love that work. It keeps us energized, and it keeps me optimistic.

We are a city-building organization. We pick those topics that are hard, that need an all-hands-on-deck approach from all the sectors to see action. One of those issues is infrastructure. And concerning millennials—and I find this so fascinating because we are always criticizing: "Oh, god, they pick jobs; every two years they are picking a new job, and they are so self-entitled, and they want this and that." Guys, this generation is inheriting 30 or 40 years of little to no funding on infrastructure. That is sitting on your shoulders. This generation is inheriting the highest tuition rates of any generation that preceded it. This generation is inheriting the highest household debt to GDP than any generation before it. It can go on and on—childcare rates, housing affordability. If this generation is not plugged into shaping the policies that affect and create this city and our wider region, then we have a problem because the largest generation to walk the earth is coming up the ranks. They are ready. They need access to the influence to see their ideas realized. That is, in part, what we do at CivicAction. I am very proud of that.

VC: It is interesting, the perspective of how to build civic action, civic responsibility, civic awareness into the generation. In fact, that is one of the real benefits that we actually saw from the Career Launch Program, that spending four months within the not-for-profit sector allows you to really understand what work gets done and how does it get delivered when I am changing or leaving and perhaps doing something different within a not-for-profit sector or working for corporations.

You need to understand the linkages and the cohesiveness. How do you come together to solve increasing problems? Because, in fact, the societal fabric really needs to be a connected one.

What always challenges us, as funders, is, often, we actually see the disconnect versus the connected fabric. I do think that there are these forums where we are actually coming to the table to solve foreign issues together and to achieve collective impact in terminology that we are hearing much more, versus something such as "I am going to be funding it and this is my program"—there is no together. This is a really big, difficult problem. We actually need to drive and achieve collective impact together. It is definitely the future. Young people get that. The connective aspect is pretty challenging and becomes much more innate for them.

You have talked about some of the programs that you have done, but we know some of the myths or characteristics that we have heard in terms of the increased expectations for transparency or for motivated work or the removal of the hierarchy. We might say that we really need to think about reverse mentoring. Can you talk a little bit more about either the challenges and how some of those challenges have actually shifted to opportunities within your sector?

SP: Every summer, I take this big stack of books that I want to read all year long, and then I get some vacation up at the cottage, and I just plow through, like I am on a mission. One of the books that I read is called *The End of Power*. It is fascinating. It is thick. It is dense. It is powerful. It was interesting because, when you think about where power has sat traditionally sat for millennia, it has come down to a couple of key sources: Influence and information. When the pillars of each of those start to disintegrate and fall away, it becomes a bit of a free for all for who has power, who can get power, where power can be shaped.

Millennials have never been more than a fingerprint away from all the information of all the world ever. They can have access to almost anyone through social media, through an ability to know where the person is going to be and show up and ask them questions. Influence and information are playing with new pillars in a way that this new generation has no idea to expect anything less.

When I worked at the province—and one of my jobs was to think about how we bring new professionals into the public service—it was clear to me that the value proposition had changed. We would go to campuses and say, "Do you want to come work for the public service?" They said, "Yeah, what is that like?" I said, "Well, there are a whole bunch of jobs, and this is what you can do." They said, "I am going to go to Africa and build wells with Engineers Without Borders. See ya."

We had to be really careful about thinking about what the value proposition for impact looks like in some of the other sectors. Frankly, it is a heck of a lot easier from my sector. My team is 13, 14 people. I ran a com shop in government that was 49. The ability to get closer to the action when there is not a lot of red tape is what allures this generation, in particular. Red tape, when it is drawn out too long, becomes red noose. One of the things that any organization—regardless of size—needs to be mindful of to make sure that you see that impact of that next generation is get them close to influence and information. The further you keep them from that, the less likely they are to stay.

VC: Is that something that you, then, have done within CivicAction? Have you liberated that type of innovation or approach? Did that force you to change some of the way that you deliver your programing?

SP: Fortunately—and anyone in the nonprofit sector knows this—I used to think that you could run something on a shoestring. You know that at the end of a shoestring there is that little nubby plastic thing? That is what most nonprofits run their outfit on. You do not have the luxury of hierarchy in some of these. If someone has a great idea, they come in and say, "I think we should do this." You say, "Good, let us do that," and off they go. There is not an issue. There are not 14 signoffs. I remember writing tweets—and Paul, you were with me—to respond to a tweet that had come into the minister, and it took 13 signatures to sign off on the tweet before the person in the Minister's office could see it, like, *what?*

The nonprofit sector is the best equipped to be able to tap in. There are lessons. Often, we turn to the private sector to learn from you on how to think about impact and how to think about metrics.

There is actually a neat reverse mentoring where government and private sector can turn to the nonprofit sector and say, "God, how did you guys figure this out, and what can we bring back with you?" Because the nonprofit sector are not sidelined people. This is the accidental giant that shapes our life today. Eight percent of this country's GDP comes out of that sector. Eleven percent of economically active people work for that sector. It is game changing, if you listen to it.

DZ: These two have the best one-liners in the business. Best one-liners.

SV: And socks, best socks.

VC: For Daniele to say that, that is a real compliment.

DZ: This is a high compliment.

SP: They have more money.

DZ: I personally do not. No. In 1887, a rabbi, a minister, two priests and a lady got together and—no, this is serious—they went to a bar. No, they did not. They did not go to a bar. They went to a roundtable, and they sat around drinking coffee, and they said, "We have these community challenges. How are we going to work together to address them?" The first United Way was born in Denver. They focused on three things: Assets, belonging and change. When we talk about young people—if we were doing a panel on baby boomers or Gen Xers, I would say the same thing. When you allow them to engage with the weight of their assets, when you allow them to own an issue and when you focus on a substantial and substantive change, they are in it to win it. We saw this as a quick example. We have the 'who's who' of campaign cabinet, volunteers from across this region, corporate leaders, labour leaders, government leaders who help us raise dollars year after year. We were talking about some of our digital challenges internally. A staff person said, "Maybe we should throw that problem out to millennials." I thought, "Good God, how are we going to do that?" United Way wants to control every issue that we talk about. We need to be right in there. Dave McKay, President of RBC, said, "We have got a group of millennials that I think can help unleash solutions." From that little offer from Dave McKay, a senior executive from RBC got involved; 70 millennials aged 24 and under got together on a frigging weekend in June to spend 48 hours at the RBC WaterPark Place to help us find ways to engage young people in this region. They drank a lot of Red Bull; they ate bad, unhealthy foods; slept; ideated; doodled; dropped code, whatever they do. And, in the end, on Sunday afternoon, they came up with solutions that we could not—*we could not*—create on our own at any table. Just like you would do with seniors or anything, I think, when you talk to people, if you begin with their strengths and their assets, and let them own the problem and then ask what the change is that we are impacting, good things happen.

Today, as we speak, that group of millennials, supported by RBC and United Way, is taking that solution to market and driving the change that not only will impact our little world at United Way, but the very region we live in. For us, what it has meant—though on the receiving end—is to be able to embrace the innovation and the web of ideas that come with this group because it does require change organizationally to accept that and allow for that ownership to unfold.

AB: There are lots of myths that are easy to go on. I think, at OTF, one of the things that we have realized is that when we are confronted by those myths, whatever they may be, it makes us feel uncomfortable because we have to shift the way we think about an issue or shift the way that we do business. There are a couple of examples where I think, actually, the negative methods had a hugely positive impact on our organization.

The first is that sort of myth that millennials are the gold sticker generation, and everyone needs a prize, and it is really important that everyone get that. What that is about is the need for constant feedback, so you need to be continually told, "Yes, you are doing a good job, and it is fine." One of the things that we noticed when we were doing our talent and engagement service all across all of our teams is that one of the biggest, the highest correlations between employee satisfaction was about whether they get regular feedback from their supervisor. That was not just about millennials. That was for everybody. In fact, if you want to have a high-performing organization that is really able to tackle these huge problems, you need to be able to have that constant feedback.

Actually, our lead of Business Intelligence is here with us today. We are actually experimenting with apps now that you can use, so you can have this reciprocal feedback between manager and staff or concerning questions such as how we doing today or whether you are sure what your goals are. Being able to see that go back and forth, I think, is going to be really, really great for everybody in the organization.

The second thing I think we would comment on is this issue of loyalty. We had a real sort of us and them mentality, I think, before at the Foundation. Previously, we had a big majority of our staff who had been there 15, 20-plus years, and then all of these young upstarts were coming into the organization and causing all kinds of trouble. The idea was that, well, there is no loyalty, and we even used to ask the question, "Are you going to stay with us for five years?" I think, "Who cares? Who cares?" We do not need people to stay with us for five years. The issue of loyalty is, first of all, about, I think, an environmental context we have created because we are not offering anyone full-time, permanent jobs anymore. Let us not be critical of that when we do not make that a possibility.

Thirdly, all of our plans are one to three years in the future because we are in this rapidly shifting environment, so we need to figure out how we can get solutions for one to three years. Our HR lead has this great line to say because millennials who had done mostly contract work and project-based things and volunteer work, have a diversity of skills and experience that you just do not get when you have been in the same job year after year after year. Our HR director says we would rather see three years of diverse skills and experience than 20 years of having the same year of experience over and over again. What we see as an advantage is, in fact, not an advantage. It is really, really good that people have this breadth of experience. In fact, when we look at our grantees even in that, when we have our organizations that has been around a really, really long time, their expectation is always that they will coming back for grants again and again and again, and we often have trouble with that to say, "No, no, we do not do core funding. It is project-based funding." Our youth-led organizations are fine with that. If they get two to three years of funding, that is the world. They move on to something else after that. I think it is this shift that we all need to kind of embrace and just alter our own timeframes under which we are going to measure success.

VC: That is so true. I have gone through a couple of job postings, and it is interesting because you have to call into question some of the internal, unconscious bias because, typically, what is the first thing you put in your job description? You put down x number of years of experience. I am starting to find that many are applying and get frustrated because they are saying, "You should not just be assessing me on the number of years." We need 15 years of experience in this because we kind of do that math, and we add it up and say, "Okay, you probably can do this job if you have done these pieces."

To your point, Andrea, it should be just a measure of what I would be able to do in a rapid way or in an efficient way, and if I can deliver the lifetime within five or six years, then measure me on that. Otherwise, we might start to lose credibility in terms of putting these numbers there for the sake of numbers versus we are really interested in understanding what they produce, how innovative they have been in terms of delivering these types of things.

On that war for talent, you hear from millennial surveys in terms of working for a company that is delivering on purpose and in alignment with personal values. You have a really privileged position to being able to offer something pretty unique in that respect. I am just curious if, maybe we will start with you, Sevaun, in terms of whether you have found that as an advantage in terms of attracting and retaining employees, just the type of work that you are actually asking them to deliver?

SP: All of us have worked for organizations, or many of us who have worked for organizations where when you walk by the C-suite, up on the wall are those words that are the values, the corporate values. Frankly, 50% of them in every workplace are exactly the same values. There is respect and integrity and fill in the blank. There is a big difference between font on a wall and values in practice. At CivicAction, we have the benefit of having a city-building ethos as why we exist. It is actually not a huge challenge for us to bring in talent because the mission is so in line with what a lot of people are passionate about. The giftwrap atop the mission needs to be equally authentic. If our DiverseCity Fellows, for example, did not have other colleagues that they get to meet in that program, that were also movers and shakers from other sectors, if they did not have city-building projects that get up off the ground, if they did not have access to senior executives the way we promised, then all of that would dissolve, and it would end up being font on the wall.

I think the most important leadership attribute that I have come to observe, certainly in this time at CivicAction, has been authenticity. This generation can smell through inauthenticity faster than anybody else. It captures a lot of what we talked about: Being able to see that there is a career progression; being able to know that your idea will be listened to; understanding that the values that your company CSR report publish—70% of companies in the TSX have CSR reports that talk about how they invest in the community. But then if people get in, and they are not seeing that lived the way that the language, the font on the wall says it is, well, then they are going to vote with their feet, and the other organization is going to be so happy to grab them on the other side.

I would say authentically, leaders at the top that live the values—like, forget drink the Kool-Aid; they waterboard in it; it should be that authentic. And, transparently, you should be able to have the values that you espouse in practice in the office.

DZ: Ditto.

VC: I need a one-liner.

DZ: Ditto, but I think, obviously, if you are coming to work at United Way, mission, purpose are important—and, shockingly, we do a United Way campaign at United Way, too. The millennials want to lead the damn thing. They want to be in there doing good internally.

When we started talking with our corporate partners about a networking or a mentoring program that I referred to earlier, that Matt went through where we partner up kids that are in the community with people already in the sector doing the work, our millennials were the first, internally, to say, "Should we not be mentors as well on this platform? Isn't that authentic that we also participate?" Of course, internally, at United Way, do-gooders abound, and we encourage and inspire.

What is inspiring for us is the do-good mentality that exists for millennials outside of United Way in your workplaces. TD is a great example. I think some of them are here today. They have got the largest GenNext Cabinet and infrastructure in the region—hundreds of millennials who are engaged.

When we first started GenNext, we thought that we would throw a couple of big parties, have a cocktail, and the millennials would be happier than pigs in poop, but, no, they actually said, "We want to start doing tours."

They did a tour of Kensington Market and Regent Park, looking at the neighbourhood, the demographics.

To Sev's point earlier, they then said, "We want to start talking about infrastructure." Jennifer Keesmaat, our city planner, had hundreds of millennials in a room listening to her talk about our infrastructure and the impact to community and neighbourhoods, and they asked the toughest, best questions of any audience bar none. A month later, they had—I think they call him the '6DAD'—Councillor Norm Kelly, attend a session. They went from strategic infrastructure system to selfless. They wanted selfies with Norm Kelly. This is the world we live in where they can go from strategy and infrastructure right through to the social media but crave to be part of this region and the issues in an authentic way.

VC: Just cognizant of time. We have about a few minutes to wrap up. I think I am going to ask each of the panelists to maybe give us one or two takeaways from the discussion based on their experience, again, balancing youth as employees, youth as an area of service delivery. What would be your advice to this audience? Andrea?

AB: Can I start? Sure. When I think about my four years that I have had at OTF, we have done the single biggest pivot and strategy shift in our 30-year history.

That has been really, really challenging for people who want to protect the status quo. You know, who does not want to protect the status quo? Our millennials. I am actually amazed that, even in all of the organizations that we fund and all of the partner organizations that we are dealing with, they are all in times of this dynamic and shifting external context, and they are trying to then reposition themselves to be able to respond. It is a time of huge disruption not just in the private sector space, but also in the social space. If your organization needs to then figure out who is going to challenge the assumptions, who is going to see those new solutions that are out there, who is going to champion the change for you and be able to do that, it is the millennial group. The sooner you are able to recognize that and really, really leverage that power, I think the better prepared we are all going to be to then be able to look forward and respond and lead in that time of disruption.

DZ: I think you mentioned earlier the corporate fight for talent also equals the community fight for talent, time and treasure. In the past, we often thought about the two as separate or siloed, but I would suggest that, today, millennials are really driving a B to C partnership. They want to go to work; they want to excel, but they want to be connected to the community.

For companies and for community, the win is engaging people in this authentic way that Sev referenced and making them belong because that really is the win for all of us and for the community. It does require a new way for us, in our sector, to engage not only with companies, but with millennials in very different ways, and we are learning as we go as well.

SP: Pack up the fax machine. I am sure my team is laughing hysterically because I am far more Luddite. Liquid paper is more comfortable to me than Instagram, 100%. When I started this job at CivicAction, I had come out of the province where I had been a senior executive for ten years. Put up your hand if you are or have been a public servant, please. You know when I mean when I say you are nameless and faceless, and that is part of what you sign up for. The only time, as a public servant, your name is ever out there is if you blow a whistle, break a law or earn six figures. That is it, and you are fine with that. I remember taking this job at CivicAction. We have an incredible board. Zabeen Hirji, who works at RBC, is one of our board members. I went on a tour to meet all of our board members.

Peter Sloly is one of our board members at CivicAction. He used to be Deputy Chief of the Toronto Police Service. I went to the police headquarters. You get a little nervous when you go in. I did nothing wrong, but you go into the headquarters, go up to the seventh floor and Peter had this huge, expansive office. You sort of sit there. I did not know—"Where do I sit? Do I sit here?" I was so nervous. Peter came in, in his outfit, and he took his hat off and put it beside me and said, "We can't find anything on you." In that moment, I thought, "Whew, that is great."

I tell you, three years later, if that had still been the case, I would not be doing my job right. There are times and places for being nameless and faceless. If you want to connect with the next generation, and if you are a leader that needs to connect with that next generation, you need to be where they are having their conversations.

I got a Twitter account, despite myself. I joined LinkedIn, despite myself. I am still not on Instagram, but I get it now. The point is that you have to have conversations that plug in to where people are. Back to that authentic piece: You need to make sure that you are having the channel switched to just the right focus and the mediums are, at times, just as important as the content you are trying to shove through them.

VC: Great. Thank you so much. We have had the pleasure, the privilege of working with each of these organizations, and I agree that this time, this moment in time of transformative approaches to how we are delivering on significant social issues and social opportunities has been really encouraging and exciting as we all look to deliver on collective impacts. I thank you all for your wise words of wisdom. I do not think we have any time for questions. If you do have questions, we can stick around.

SP: Tweet us.

VC: Thank you.

PF: That was fantastic. That was really fantastic, guys. It is my pleasure, actually, now, to invite Susan Uchida, from RBC, to thank our esteemed speakers.

Note of Appreciation, by Susan Uchida, Vice President, RBC Learning

Thank you, Paul. I will be very brief. I also work at RBC. It feels like an RBC commercial this afternoon. It was not the intent. I do have the privilege of working very closely with Valerie on RBC's Youth Strategy. I can safely say that what you see today is what you get. I can vouch for the fact that there is no one more enthusiastic and more supportive of our opportunities for youth today.

Thank you to our panel, who have shared their experiences. What I really appreciated was how real your stories were and very practical as well. Sevaun, Andrea, Daniele and Valerie, thank you so much for your time today.

I would say, also, this is a callout for the rest of the audience to join us in helping to keep the confidence of our youth in Canada today, to support that transition from school to work that you heard about by offering, where you can, real work experiences, access to networks and to professionals who can help guide and support our young people today.

If I can add on to the comments around our CEO, Dave McKay, who was so impressed with the talent he has seen today, and in the past, when he marvelled over two patents that young people filed on behalf of RBC in the past six months. He said, "Young people, today, they are going to change the world." I think, after today, we are all believers of that. Thank you so much, again, panel. We really appreciate it. I wish you all a pleasant afternoon. Thank you.

Concluding Remarks, by Paul Fogolin

Almost at the finish line. A tremendous thank you to RBC, as our sponsor. It may have been a commercial, but this is the right type of commercial. We cannot do our events without our sponsors, so, once again, thank you so much for stepping up to sponsoring.

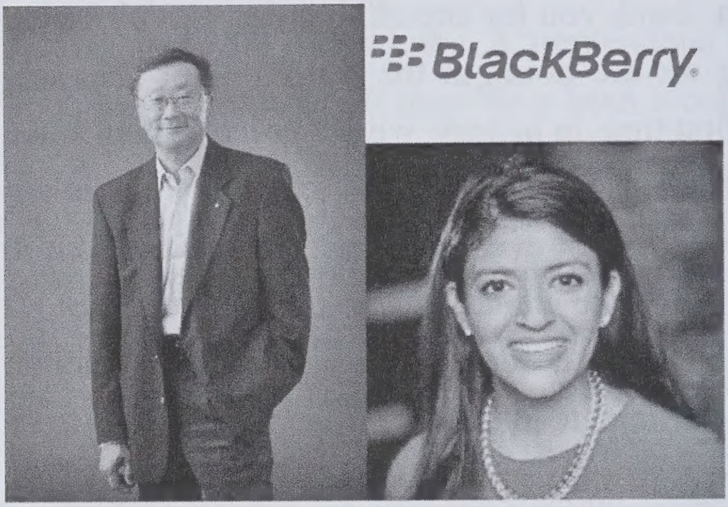
I would also like to thank the *National Post*, who is our print media sponsor and helps promote our events; Rogers TV, our local broadcaster; and mediaevents.ca, Canada's online event space for live webcasting—yes, Sevaun, this was a live webcast—today's event to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century, and are active on social media. Please, follow us on Twitter @Empire_Club and visit us online at empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Finally, please, join us again soon. We have some really exciting lunches coming up next week. On Monday, we will have Mr. John Chen, the CEO of BlackBerry. That is on September 26th. On the 28th, we will have Mr. Alain Bellemare, the President and CEO of Bombardier. On the Thursday of that week—it is going to be a busy week—on September 29th, Ms. Deryn Lavell, the Head of the School at Bishop Strachan will talk about women's education. Then, finally, on October 6th, we will have MPP Patrick Brown, who is the Leader of the PC Party.

Once again, thank you for attending today. A quick plug for something we are doing at the Empire Club this season. For the first time in history, we are going to host some evening events. This is in an effort to attract a younger audience to the Club. Not everybody can get the time out in the middle of the day to come to these kinds of speeches. If anybody in the room—it does not have to be just millennials—wants to participate in these events, we are going to be looking for ideas. Please, speak to the staff over there. The more ideas, the merrier. Thank you for coming and enjoy the rest of your afternoon.

The Empire Club Presents



MR. JOHN CHEN, EXECUTIVE CHAIR AND CEO, BLACKBERRY LIMITED

IN CONVERSATION WITH AMBER KANWAR

September 26, 2016

Welcome Address, by Colin Lynch, Vice President, Strategy Growth – Executive Office at Greystone Managed Investments and First Vice President of the Empire Club

Good afternoon, ladies and gentlemen. From the beautiful Four Seasons Hotel in Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast or on Rogers TV, welcome, to the meeting.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. Please, hold your applause until the final Head Table Guest is introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. John Chen, Executive Chairman and Chief Executive Officer, BlackBerry Limited

Ms. Amber Kanwar, Anchor and Reporter, Business News Network

Guests:

Mr. David Chaikof, Partner, Torys LLP

Mr. Phil Kurtz, Vice President, Deputy General Counsel and Assistant Corporate Secretary, BlackBerry Limited

Ms. Verity Sylvester, Vice President, CMC+CO.; Past President, Empire Club of Canada

Mr. Michael White, Chief Executive Officer, IBK Capital Corp.

Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

My name is Colin Lynch. I am the Vice President, Strategy and Growth, in the executive office of Greystone Managed Investments, and the First Vice President of the Empire Club of Canada.

Ladies and gentlemen, your Head Table guests.

We have a group of students joining us today from Centennial College as well as from Ryerson University. Students, please, rise to be recognized. Thank you.

In celebration of Canada's 150th birthday and our third event in our sesquicentennial series, I now ask our series sponsor, represented by Mike White, as well as our guest of honour, Mr. Chen, to join me at the podium and blow out the birthday candles.

Over the past 113 years, the Empire Club of Canada has been privileged to welcome Canadian and international political leaders, policy thinkers and chief executives of corporations, think tanks and nonprofit organizations to the stage. Many have spoken of the critical role that innovation and technology plays in building the fabric of our nation. Today, this point has become obvious. We live in an age where technology has become integral to many aspects of modern life, right down to the devices in our pockets.

It gives me great pleasure to welcome Mr. John Chen, Executive Chairman and Chief Executive Officer of BlackBerry. John brings to the stage an impressive track record of leadership. John started his career at Burroughs Corp. as an engineer and held executive positions at Siemens Nixdorf, Pyramid Technology Corp. and Unisys. He then served as Chairman and CEO of Sybase Inc. for 15 years, an impressive feat, particularly, in the technology industry, where he developed and led the company's re-invention from a mature, slower-growth technology company into a $1.5 billion-plus, high-growth innovator. Under his direction, Sybase became the leading provider of enterprise mobility and mobile commerce solutions, achieving 55 consecutive quarters of profitability.

Leading BlackBerry is not enough. John serves on the board of directors for The Walt Disney Company and Wells Fargo & Co., and is impressively active in the not-for-profit community, as a trustee of Caltech, member of CFR, national trustee of The First Tee and as a Governor of the San Francisco Symphony.

Today, we are delighted that John will be joining in conversation with Amber Kanwar, a member of the Empire Club of Canada Board of Directors and an anchor and reporter of the Business News Network, where she appears frequently on *Business Day AM* and *The Disrupters.*

Please, join me in welcoming John and Amber to the stage

AK: Welcome, everyone. Thanks so much for joining. John, thanks so much for giving us your time.

JC: Thank you. Thank you for inviting me.

AK: We should disclose that in two days, BlackBerry reports their results for the second quarter of the year. They are in a quiet period. If you are expecting BlackBerry or John to announce that they are getting out of handsets, today is not your day. Everybody stayed, so that is good. They are here for more. Speaking of handsets, John, what are you going to do with it?

JC: Well, you said it was not a good day to ask me for that. I do not discuss handsets when it is rainy days.

AK: That is a convenient loophole. I think Torys might have helped you out with that one. Maybe we can talk about it in a more philosophical sense because you read the endless commentary out there. They are all wondering about this question. Maybe I will ask it in a different way: Can BlackBerry survive without handsets? Is that essential to the core of the BlackBerry that you are trying to develop?

JC: It is hard to answer that question because, if I answer the question, I basically gave you the answer. Let me think about the opportunities where BlackBerry could go, on a serious note. One of the things that attracted me to BlackBerry is the amount of technology and intellectual property that BlackBerry has, in particular, the area of security. Of course, handset is part of the whole thing. I always tell people that the handset is kind of the entry point of our security, not the standalone by itself. It is a whole series. Behind the handset, we have our server technology—a lot of people would know it is called the BlackBerry Enterprise Server. We bought a whole bunch of companies that enhance that security and mobile solution, people like Good Technology and Watchdox that do file collaborations and AtHoc, which does crisis management software. There is a list of that. We have Boost that probably is the most end-to-end, most complete solution, both in terms of the hardware and the software.

Gradually, while we have recognized the fact that the majority of the market is over there outside in Android, in iOS world, all of this software we made it so that it could run on those devices and managing devices of those.

Behind that, we have this embedded technology. We own a company called QNX—the claim to fame—which has had the most secure embedded operating system. For those of you who are techies, it is called a microkernel technology. There is a whole reason why it is more secure. That is part of the reason. It is in about 60 million active cars, today, running around out there in infotainment systems today.

In the last couple of two, three years, we invested in advanced driver assistance systems; we invested in telematics; we invested in vehicle-to-vehicle communication; and the list goes on. It is in Ottawa. This one, personally, I think it is a Canadian pride that owns this kind of technology and the market share.

The reason why you do not hear a lot about that is because we take that technology and we actually sell it to what they call a Tier 1. Tier 1 are the people like Panasonic, Harman, Denso. They make the dashboards for these car companies, and then they install it. Inside the dashboard is us, except that recently—about a year ago or two years ago—we successfully unseated Microsoft in Ford and replaced a Sync. All 2016 models—like, today, we drove a Ford car here, a rental car, and that has a Sync, our Sync technology in it. Those are the third layer.

The fourth layer of technology and security is the NOCs, the network operating centre. The good thing about BlackBerry—for this, I cannot claim credit; I think Jim and Mike should claim the credit, as they had the foresight to connect all the operators around the world, about 600 or so. And it is done using T1 line and using all kinds of GRX technology, and we securely connect all these telecoms around so that we can transport messages. We still own that, and it is the most secure NOCs there is. It is the largest NOC outside of any telephone company. Those are multiple layer. And then, throughout the layer, we have the IP. People hardly know that. Again, this is a credit to the higher management that we have roughly about 38,000 or 39,000 patents around the world. About 26% of that are for the handset. The rest of them are not. The rest of them are really about security, about encrypted code, for those people who are students there. They are cryptology. A company that we own, called Certicom, is still the best technology, the best cryptological company there is today in the world. We are beginning to license it. The one thing is that, I think, when BlackBerry was doing so well, we missed the opportunity to commercialize a lot of this stuff.

To answer your question in a very long way, and I have a lot of opportunity to grow the revenue of the company, we just need to set it up that way because selling software and licensing technology are quite different and to go into the enterprise is quite different from walking down to Rogers and picking up one of our phones. This is a completely different mindset and organization. We have been busy in the last couple of years. We are adjusting ourselves to that.

AK: It used to be very easy to answer the question what is BlackBerry? BlackBerry makes phones. Based on what you described, you have got all these layers that are acting to be kind of this next driver of growth for

BlackBerry. I will just ask you the question: What is BlackBerry today?

JC: It is going to be a secure software company.

AK: What percent of the way through are you? You came on board November 2013. You have had a couple of years under your belt. You were obviously brought on as a turnaround artist. What percent of the way through are you to achieving your stated goals?

JC: Two thirds of the way.

AK: Two thirds.

JC: When I first came, I do not know how many people knew that we were on the verge of kind of going away. I do not want to overly dramatize it, but it was extremely difficult.

AK: Did you know that walking into the room?

JC: I did know, but I did not know to what extent and what degree.

AK: It was worse when you walked in.

JC: Yes, you always have this, where people like me come into a situation, and you look at it as a challenge, and then you find out that you are very naïve; then, you promise you will not do it again. I did it three times. Yes, I knew. It was not lost on me. You could not be lost. There were enough people writing about it, people like the media that like to dump on BlackBerry—newspapers and TV series and all of that.

Anyway, I knew that. It was important for me to make sure that our team stabilized the financials, and we did. We recently refinanced our debt. We talked about it saving us $50 million a year in interest rates. That $50 million we could either report it as profit, or we most likely are going to invest it into this growth area.

I know I need a strategy that is encompassing of all the assets that I laid out. It is kind of a mouthful just now. What it really is—I am going to give you the view of the market. You hear everybody talk about IoT.

AK: Internet of Things.

JC: Yes, Internet of Things. You can go to almost everybody from telephone companies to technology companies, to automotive companies, and everybody says they are in IoT, to people that build houses, smart homes and appliances and all that. Nobody is not in IoT. It is kind of like if I tell you that I am in the business of the Internet. You can say, "Okay, what in the world does that mean?" What we want to focus on in terms of IoT is going to be the most secure layer of IoT. Now, you take everything I just talked about, how you manage your devices and the software that transports the information. That is what we are going to do.

We are going to be the backbone of communication for the IoT.

I think that, if we are successful, we could really grow a big company out of it. As I identified, we are lined up to execute it. Now, we need to start seeing some growth.

AK: What is that? You said you are two thirds of the way. What does it take to get to the finish line?

JC: We just need to get it done.

AK: Okay, there you go.

JC: Right now, we will make some investments, but, by and large, it is now about getting it done. It is not about you need this piece, or you need a new idea. It is not about that or about that you need the money. For the people who are interested in BlackBerry—and I hope most Canadians are—this company is safe.

I was negotiating my debt. I will give you a little tidbit. It is not really a big secret or anything. Obviously, the negotiation always goes back and forth. There was one point during the negotiation that we were stuck on some terms. I literally said, "Okay, then, forget it. I am just going to pay the entire debt." I realized afterwards when I said that, it was not said in a very boastful or a bluffing way. I realized that all of a sudden, BlackBerry has the ability to pay off the entire debt, which was $1.2 billion. Two, three years ago, when we first came in, we did not have that ability to do that. This is a company that is now financially well maintained and controlled. We had made investments worth over $1 billion plus, as we acquired about five, six different companies in software or in security. Now, we need to execute it.

AK: You are making a bet, too, that security is going to be the main driver and the key differentiator of why a business chooses you as their platform versus any of the other competitors. There are a lot of them. I guess my question is, do people…?

JC: Security companies—did you say there are a lot of them?

AK: No, no, a lot of people that are playing in Internet of Things as software, not necessarily pushing at security. Your bet is that the security layer is going to be the key differentiator.

JC: Right.

AK:In this environment where you are hearing about hacks every other month, and they kind of just roll off of people's back, how sure are you that people are going to pay for that, that companies are actually going to invest to make sure that they are secure?

JC: That is a good question. They have to. Let me provide a few things. I know there is a lot of people from Bay St. who work for financial firms. I think that regulators are going to insist that you show a certain level of cybersecurity. By the way, mobility is not a choice.

You need to go find the best mobile security solution. You have got to come to us. Why do you need to come to us? If you look at the latest Gartner Report—and I would encourage you all to look at it, and I would ask your CIO to do so—they laid out the most secure mobile solution with six critical items. We are number one in all six. There is no other company. One of our guys in marketing said that they were trying to come up with—I do not know how many people see that Flonase commercial, in which the nose spray—

AK: Are you getting into that as well?

JC: No, no, no. That commercial has something very interesting. They said six is better than one. I am trying to steal that line. They have six different ingredients in it. Go look at that commercial. Google it.

AK: You mentioned the Gartner data. The Gartner data, on certain platforms, will also show BlackBerry losing market share.

JC: Absolutely. They hate us.

AK: I will follow through on my question.

JC: I got my good friends at Gartner, here in town. It is good to have a difference of opinion. I think, in some cases, they are biased. A lot of the analysts are people, and they could get it wrong. *I* could get it wrong. The only thing I could do is do the best we can. I am not there to win the popularity contest.

The fact is that if you read the Gartner Reports two, three years ago about BlackBerry, you would never see anything positive. For whatever reason—historical reality, perception, whatever reason it is—that you have to accept.

But today, they have something good to say about BlackBerry. I am not saying that therefore we have everything right, but that is progress. That is progress that a company should feel good about. We work hard at it.

AK: It feeds into this perception where some people are still waiting and hoping for that old BlackBerry to come out and be a competitor to the likes of Apple, Google, Samsung. You have taken a different approach to those formerly competitive relationships. Maybe just flesh that out a little bit more and why people who are waiting for the iPhone killer to come from BlackBerry might be waiting a very long time.

JC: There are a couple of things. In business, I found, through all these years, if you look at a business strategy in an emotional way, most likely, you will always lose. This is not a religion. I would love every one of you to get your BlackBerry back, and I know some of you still use it, but some of you are probably closet iPhone users. I have my staff using FaceTime, and they would, by mistake, said that to me: "I FaceTimed somebody yesterday."

I look at them and say, “FaceTime? I did not know we have that app.” The most embarrassing thing is that sometimes when I went to dinner with friends and their spouses and all that, they would take a big picture and say, “This is a great picture. Let me AirDrop it to you.” “AirDrop”? My goodness, I do not do “AirDrop,” BlackBerry. I keep telling them AirDrops are the most insecure way of transferring stuff.

Anyway, let me answer the question this way. I really think about it as the Served Available Market. If we are building secure software to secure all the end points, you, as individuals, should have all the choices. Whatever phone you want to use, whatever devices you want to use—whether you want to use Alexa from Amazon—you should control whatever end points you want to control, and I should be able to be a supplier to you, so that you can use my technology. If I restrict it to just the BlackBerry phone, I just killed my Served Available Market. I think that is not a way to look at a business. I could do that. I could hang on to it and say all my real applications can only run on BlackBerry.

We do have a set of applications that only run on BlackBerry devices because of security, not because we want to restrict it that way but because it is very, very hard to make iOS and Android follow our protocol to make that secure.

For government users, for banks, it is still better to use the BlackBerry devices. That is one of the reasons why I did branch out. We do encompass everybody. If you are in the Internet of Things, it is about consumer choices. I cannot say that BlackBerry is going to build you a washer and dryer; BlackBerry is going to build—

AK: The most *secure* washer and dryer.

JC: Exactly, so what? You will never lose your clothes?

AK: Is that where the next wave of growth is going to come from in mobility is software, not just for BlackBerry, but there is this notion that the handset market has reached peak saturation; it has become commoditized, so those kinds of growth rates are going to be very hard to come by? Are we now in an era where you want to play the things that can grow on this saturation of smartphones?

JC: Yes. I want to take advantage of the fact that there is a huge installed base out there. Yes.

AK: Last year, when you were rolling out the Priv, I asked you how you spend most of your time. You said most of it is with negotiating with carriers, and you felt maybe people do not appreciate how much time you are spending doing that. What do you spend your time doing these days?

JC: End-user customers. I have been talking to bankers, governments, CIOs, mostly those. I have been on Wall Street all the time. If you look at the infrastructure of most of the companies on Wall Street, most of the firms, they are all BlackBerry-based, anywhere from the Bank of America, Citi, JPMorgan Chase, Softgen—the list goes on. I am spending more time with them directly. I think the carrier has two reasons for it. I have a lot of good friends that run carriers. Our business case and their business case and the reality of the market actually does not line up. The carriers are less and less interested in selling you a cell phone. They used to sell you a cell phone because they wanted to use that to entice you to their subscriber plan. They are less and less interested in that. If you look at the carrier business case, that does not make them money. I think, over time—we are not the market leader by any stretch of the imagination. For them to get excited over this relationship—other than having good meals together—does not make sense. We need to work on things that make sense.

Some of the carriers and us are working on cars together, the autonomous driving cars, the telematics to the autonomous driving cars. The connected cars that need security do not want to be hacked in. We are working on that. That excites them, but that is their growth. Just as I am excited about our growth, they are excited about growth. Going back, doing the so-called type approval and rolling out on handsets, it is difficult for me to expect them to be very excited about that.

AK: Spending a lot more time with customers just trying to get BlackBerry software in enterprises. When you first came on board, I think all the press, all the media, were looking at what is going to be sold and how fast is it going to be sold and how much BlackBerry Messenger is worth. Most analysts were looking at BlackBerry—some of the parts, if you broke it all up—in terms of this is what the company is worth. Instead, over the course of your career at BlackBerry, I think all you have sold, really, is the real estate?

JC: Yes, we sold real estate, yes. I still have some more, if you like.

AK: Instead, you have been doing acquisitions, a string of tuck-in acquisitions, a big one in Good Technology. Is BlackBerry, today, more likely to be a buyer of assets or a seller of assets?

JC: We are not selling assets. I am into monetizing assets. If I could not find a way to grow the business and make money, of course, we would sell it, but we are not. Anything core to us from the strategies I laid out, to be the most secure platform for all the interconnects, none of those things will be sold. We might partner. We signed an agreement on BBM Consumer, a major media company in Indonesia. We have about 60 million monthly active users in Indonesia. We own the market in that sense, and we want to extend that to get more active users, to get active users to spend more time, and to create an advertising model. I am not going to break out the number, but it is from zero to something that I think would impress you.

AK: Above zero?

JC: It is hard to impress you by not giving you the number. Trust me, we are building that business.

That particular transaction was a licensing transaction exclusively to them. I would do that, but we are not selling BBM. I still own bbm.com, the name, the brand and everything associated with it and the technologies. We will do more of that. In order to get BlackBerry back in the market in a hurry, we retreated quite a bit in the last three or four years out of necessity. Now, I need to use the ecosystem to get it back in it. I do not intend to fight Samsung or Apple on handsets in a mature market head on by saying we are going to open up five shops and hire 1,000 people. If I get there, somebody should examine my head. That is not a high probability. The margin of the business does not justify the risk either. The point is we are not a seller; we are a buyer.

AK: Under what conditions would you sell the company?

JC: Under what condition would I sell the company?

AK: Yes. Do not look at your lawyer.

JC: I always answer the question this way. When the price is right, I will, but the shareholders need to get a huge reward. For the bet they are putting in right now, some of them are long-term, patient shareholders. They need to get their money back. I think we still have a long ways to go.

AK: Are you there for the long haul?

JC: That is up to the board of directors. This is not a self-employed business. I cannot say yes, I will be here forever. I think the board has to decide on whether they want me to be here longer or not. I signed a five-year agreement. This is public information. I signed a five-year agreement. I am two years and ten months and how many days into it. I am about halfway.

AK: You are about halfway, and two-thirds of the way complete?

JC: Yes, two-thirds of the way complete.

AK: When you came on board and people were just getting to know your background here in Canada—of course, a lot of people knew you from the tech world in the United States—there was a lot made about what you did at Sybase and the turnaround effort that, as Colin mentioned, took 15 years, so it certainly was not overnight. A lot of people said he is just going to do that with BlackBerry. Spell out for us in what ways the Sybase situation was different from the BlackBerry situation.

JC: My approach is not different; the companies always are different. Sybase has a pretty sticky installed base in financial trading systems, equity trading systems.

It has a pile of sticky maintenance revenue, unlike our service activation fee that BlackBerry—my number one pain point is that the old revenue is rolling off. I call it the 'Apple theory', the 'Newton theory', meaning that you sit underneath the tree, and something hits you while you are reading a book. It is gravity. I cannot stop gravity because it is the market. What I could do is to replace what I lose in the erosion and get the company back financially sound. I think we are beginning to do that. Because of that—those are the differences—one has sticky revenue; the other one does not.

However, the thing about BlackBerry that is more exciting in a sense is it has all these assets that we just talked about including intellectual property. I think it is aiming at the market in the right place. At Sybase, it was easy to get the financials back in check, but it was harder to grow to an adjacent. At BlackBerry, it is harder to get the financials on track, but it is so much assets at the right part of the market that it is actually easier to get to an adjacent to declare victory there. This is very different, but you have got to have patience in both cases.

AK: Are you saying, on the intellectual property, that you are looking to monetize it, in fact, turn it on for BlackBerry's purposes or—I know you said you are not a seller of assets—are you looking to sell off some of those IP licenses?

JC: It depends. When I say 'monetize', I really meant 'licensing'. I do not mean selling. Selling is a one-time event. Licensing, hopefully, is ongoing.

AK: Canadians, I think, when they hear the name 'BlackBerry', there is some sadness associated with this company that has really fallen from grace.

You have felt that; you have seen that in press coverage. What should Canadians feel about BlackBerry today?

JC: This is serious. I am not joking: One thing that surprised me is how BlackBerry has lost a lot of Canadian support. That surprised me. I always thought that this is an iconic brand. It represents a lot about the history of technology and innovation of this country. It has been number one for a long time with the best brand in the world. Yet, when I started this effort of rebuilding, I ran into all kinds of problems with a lot of different—I am not going to name the names, but I was surprised. What I think Canadians ought to think about is that innovation and knowledge are the next plateau of the evolutions of economy. Having a healthy BlackBerry is actually of paramount importance, not only to the Waterloo areas, but to the innovation centres and all that, the mindset and history. We already lost Nortel. Nokia lost, too.

AK: That was for somebody else.

JC: We already lost Nortel. From an industry-observer point of view, that, in my mind, was very unfortunate for Canada.

It had been a rival to Cisco and was healthy for the market. I do not think BlackBerry goes away or does anything for Canada or the industry, at large. That is my personal view. I think BlackBerry should do the work. We cannot expect other people to do the work for us. Some level of support and encouragement, I think, is going to be a win-win for all.

That is my opinion. We are still working on that.

AK: Maybe let us move on to something less controversial, Donald Trump.

JC: That was not controversial.

AK: That was not controversial—you are right. You are a card-carrying Republican. I think if history had gone a different way, in several respects, you might be working for an administration, but you are not. We have the debates tonight.

JC: I do not have the debate. They have the debate.

AK: You do not; that is right. They have the debates. I guess we will be watching. What do you make of Donald Trump and his chances, as somebody who is a Republican?

JC: I can only refer to what I have publicly stated. I had an interview a little while back, actually, the same week in July as the Republican National Convention. I was interviewed. On record, it is there. Yes, I am a Republican. I think I am Republican because I am financially, economically moderate and conservative.

I think that those are the Republican qualities that I have.

I do believe that you need to generate more than you spend, so deficit is not a good thing. It does not matter what the economic theory behind it is. Eventually, it is not a good thing. Maybe for a short term it may be okay. I think the taxation strategy that Republicans laid out, as Donald Trump laid out, makes sense to get more business flowing. I would buy that.

But, as an immigrant to the United States and as one of a minority, it is very difficult for me to sign on to his platform. I think he sharpened the divide of people, which is never a good thing. I get the feeling that he often says things to wow people. It is just irresponsible. Building the wall and having Mexico pay for it was an interesting phenomenon, proposition. I think that it is, unfortunately, in my personal, humble opinion, degrading and somewhat condescending. I worry about the foreign policy side of the equation and the domestic policy. It is going to be very, very difficult for me to support him.

An interesting thing is that once I put out that article or that interview, I immediately got emails from my good friends in Washington. As Amber put it, I was quite connected. I was on Bush 43, a number of commissions and so forth, and I was on the Export Council for the United States for a while, so I got up front and close to anything related to the Free Trade Agreement at that era. I got these emails that say, “I guess you are not moving to D.C. anytime soon.” I guess I just politically murdered my own career, chances of a career, yet again. I am now on Canadian television. I think I have given up on that since I am going to employ myself at BlackBerry.

AK: You have got that Canadian citizenship waiting for you if you turn around and come back.

JC: After that conversation, I probably do need to seek asylum in Canada. I do not know how I drifted off on this topic. In this case, I found it disturbing. I hope I learn something tonight that changes my mind. I hope he was just doing this to win the nomination. So far, it has not really worked since the nomination.

AK: I think we just have a few minutes left, but at this point, I wanted to open it up to the floor just to see if we have one or two questions. Does anybody have a question they would like to ask John, maybe about handsets?

Questions & Answers

Q: At the outset, it was mentioned that you are on the board of Wells Fargo—obviously a sensitive situation there. The cross-examination last week from Elizabeth Warren was vicious. Do you have any comments just more broadly about the view towards corporate America from the government perspective?

JC: Amber already tried.

AK: I did.

JC: You want to say?

AK: No, you go ahead. You are the storyteller.

JC: On the day the settlement was announced with OCC, Amber already emailed me. My answer to everybody's question is, since everything is going on, I am going to refrain from making any comments. Probably, legal counsel would advise that. I am sorry, but I should not be talking about this at this point.

AK: Thank you, John, so much for your time. Thank you everybody for joining us.

Note of Appreciation, by David Chaikof, Partner, Torys LLP

Thank you. I have a brief thank you to express to John, but, before doing so, I think it was really special that all of us at the Head Table were introduced. Amber almost got John to blush. I am now going to try and get Amber to blush. I think there is a person here that deserves special introduction and recognition, which is Amber's mother, who is today here with us. Please, if you would stand for us. Thank you. It is very special.

Look, when I first had the pleasure of meeting John on his very first day of work, I was so impressed by his open manner, humility and his approachability. With John, as you have seen today, there is no arrogance nor any bluster. As his remarks today illustrated, he possesses a deep understanding of the markets in which BlackBerry operates, its customers, and the competition. John's passion, effort and leadership, in my opinion, have led BlackBerry to now become the global leader in enterprise software and security.

John, I am confident that you have the necessary skillset to continue to lead BlackBerry down this path, this journey and this new direction and to make all of us here, as Canadians, proud. Thank you.

Concluding Remarks, by Colin Lynch

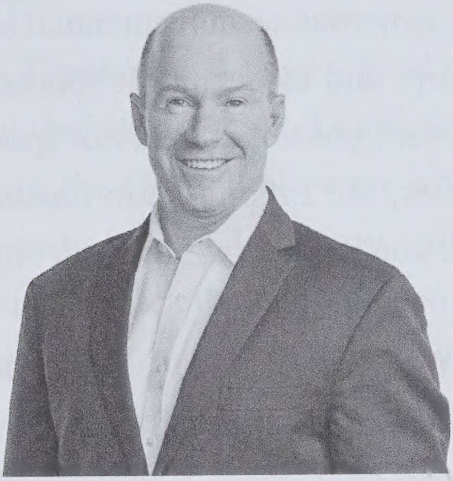
A sincere thank you to our generous sesquicentennial series sponsor, IBK Capital Corp. and to our event sponsor, Torys LLP, for making this event possible. Without sponsors like these great companies, the Empire Club lunches would not be possible. Thank you, once again for your support.

I would also like to thank the *National Post*, as our print media sponsor and Rogers TV, our local broadcaster. We would like to thank mediaevents.ca, Canada's online event space for live broadcasting today's event to thousands of viewers around the world. Although our club has been around since 1903, we have, very fortunately, moved into the 21st century, and are very active on social media. Please, follow us online at @Empire_Club and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn, Instagram and virtually anything else online.

Finally, please, join us again as we have some extraordinary events scheduled over the coming weeks, including Mr. Alain Bellemare, President and CEO of Bombardier on Wednesday, September 28th; Ms. Deryn Lavell, the Head of The Bishop Strachan School on Thursday, September 29th, which is this week; and MPP Patrick Brown, Leader of the Ontario PC party next week, October 6th.

Thank you to our esteemed guests. It was a wonderful lunch. Thank you for your attendance today. This meeting is now adjourned.

The Empire Club Presents



MR. ALAIN BELLEMARE

PRESIDENT AND CEO
BOMBARDIER INC.

September 28, 2016

Welcome Address by Gordon McIvor, President, Empire Club of Canada

Good afternoon, ladies and gentlemen. From the Delta in downtown Toronto, welcome, to the continuation of the 113th season of the Empire Club of Canada. For those of you just joining us either through our webcast or our podcast, welcome, to the meeting today.

Before our distinguished speaker is introduced, it gives me great pleasure to introduce our Head Table to you. I would ask that each guest rise for a brief moment and then be seated as your name is called.

I would ask the audience, please, refrain from applause until all of our Head Table Guests have been introduced.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Alain Bellemare, President and Chief Executive Officer, Bombardier Inc.

Guests:

Mr. Ali Badruddin, Managing Director, Management Consulting, StrategyCorp Inc.; Director, Empire Club of Canada

Ms. Moira Harvey, Executive Director, Ontario Aerospace Council

Mr. Edward Hoskin, Vice President, Engine Development Programs, Pratt & Whitney Canada

Mr. Colin Lynch, Vice President, Strategy and Growth, Greystone Managed Investments; First Vice President, Empire Club of Canada

Mr. Mike Nadolski, Vice President, Communications and Public Affairs, Bombardier Inc.

Mr. Allan O'Dette, President and Chief Executive Officer, Ontario Chamber of Commerce

Ms. Verity Sylvester, Vice President, CMC+CO; Past President, Empire Club of Canada

Mr. John Wyzykowski, Senior Director, Productivity, Pratt and Whitney Canada

My name is Gordon McIvor. I am the immediate Past President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

We are extremely pleased, today, to have a group of aviation geomatics and engineering students with us from the University of Waterloo. Students, would you, please, stand and be recognized. Welcome.

Before we begin, ladies and gentlemen, our guest speaker, today, has agreed to some questions at the end of his speech. There are question cards on your table.

As he is speaking, if you do have a question, just fill in one of the cards, put up your hand and one of our staff will certainly come by, get your card and deliver it to us.

One of the greatest advantages of being an iconic Canadian speaking podium over the past century—or more than a century now—is that we have, over the years, had the opportunity of hearing from most of the major iconic corporations operating in this country, including, really, some of the ones that started a long, long time ago and are still going strong today. Earlier this week, for example, we heard from the CEO of BlackBerry, a company that has spoken many times to the Empire Club of Canada since it burst onto the international scene just two decades ago.

Our guest, today, represents a company that is known and respected right across the world, not only for its marquee jetliner that is so important to Canada's present and future in the international aviation industry, but also due to the fact that it is a very major job creator in this country.

The evolution of iconic companies has also been of particular interest at the Empire Club, and we followed Bombardier's progress since it was first founded back in 1949 as the manufacturer of the legendary Ski-Doo. When Bombardier's Laurent Beaudoin came to the Empire Club over 20 years ago to speak about competing in the 21st century, his speech "What Will the Challenges Be?" was closely followed by Canadians all across this country. Today, we are delighted to welcome Bombardier back to the Empire Club of Canada through its incumbent President and CEO, Mr. Bellemare, who was appointed to this position over 18 months ago when the company was going through a difficult time. Not afraid of taking on this challenge, he immediately set about working on a five-year turnaround plan, which would allow Bombardier to continue its growth in both Canada and its international markets. Today, he will be speaking about where the company is and where it is going in the coming years, building on the very successful launch of their C Series aircraft, which has already received many orders but, particularly, large orders from both Air Canada and Delta Airlines.

The C Series aircraft is, in fact, receiving extraordinary performance reviews, not only from industry experts, but, just as importantly—perhaps, more importantly—from passengers themselves. As the company moves forward with the five-year plan, under the leadership of Mr. Bellemare, it has been particularly sensitive of the aircraft's environmental impact, taking this into full consideration, as is clearly demonstrated in the company's environmental declaration.

Bombardier is unquestionably an innovative leader in this regard and, in fact, was the first company in the aviation industry to submit this environmental declaration. You may have noticed, in fact, it was covered by Peter Mansbridge on the national news last night.

Today, to help us understand how Bombardier plans to continue its global growth strategies, we are delighted to welcome Alain Bellemare, Bombardier's President and Chief Executive Officer and a member of the corporation's Board of Directors.

Prior to his appointment, Mr. Bellemare was President and Chief Executive Officer at UTC Aerospace Systems. He began his career with UTC at Pratt & Whitney Canada in 1996 as Vice President of Manufacturing. He held leadership roles of increasing responsibility at UTC, including President of Pratt & Whitney Canada. Before joining Pratt & Whitney, he spent more than 12 years in a variety of engineering and manufacturing positions with a number of prominent companies.

In 2007, Alain Bellemare received the prestigious *Flight* magazine Publisher's Award in recognition of his leadership in propelling Pratt & Whitney Canada to a position of great strength around the world and for his contribution to aerospace.

In 2006, he received the McGill Management Achievement Award for his community involvement and contributions to the Canadian economy.

Mr. Bellemare is a member of the Faculty Advisory Board of McGill University's Desautels Faculty of Management. He also serves on the board of the Smithsonian National Air and Space Museum.

Ladies and gentlemen, would you, please, join me in welcoming back another iconic company and a great leader to the Empire Club of Canada, Mr. Alain Bellemare.

Alain Bellemare

Thank you so much, Gordon. Good afternoon, everybody. Thanks for being here today, and thanks everybody listening or taking the time to listen to what we have to say, today.

It is a real pleasure and honour to be in Toronto. It is a fabulous city. I have been coming back more and more often now for good and bad reasons, but it is an amazing city. I was just saying, at the table, it is the fourth largest city in North America, and it is something that we should be very proud of.

I have prepared remarks, and I am going to put them aside. I will just talk. I will talk about Bombardier and the impact that Bombardier has on the Canadian economy. I will talk about what we are doing at Bombardier to turn the company around. As Gordon said, I joined Bombardier about 18 months ago now. It was in a pretty tough spot. As you will hear this afternoon, we are making significant progress in putting the company back on the right track. It is not without challenges. I will talk about that, but I am very confident about our ability to make Bombardier a great company again. Last, I will talk more specifically about what we are doing in each of our business units to actually make sure that we have successful growth for years to come.

Before I get going here, I also want to say hello to the Waterloo students. I am also a collab. graduate from Waterloo. I went to Sherbrooke University.

That is French side. You are going to get an amazing experience, and all these work terms will prepare you well for the marketplace. If you want a job, make sure that you talk to Jim Vounassis. Jim is on my staff. He is actually the leader of our turnaround plan, and he is also a Waterloo grad, so get somebody who is on your side.

Bombardier. We are a $17-billion business, today. We are a global leader in trains and planes. We employ 65,000 people around the world. Our centre of gravity is right here in Canada. We have 22,000 employees in Canada. We have 6,000 people in Ontario, and we are often seen as a Montréal-based company, and we are. Our headquarters are based in Montréal. The fact is we have a very significant presence right here in Ontario: We have 3,500 people working on the train side. We have 2,500 people working on the aerospace side. In total, that is 6,000 people, so we have a very strong presence in Ontario. That is between our aviation operation right here in Toronto and Thunder Bay and Kingston. I will talk more about the train in just a few minutes.

When you look at it, what we do is phenomenal. We develop very complex high technology products that we export everywhere around the world. In fact, more than 90% of what we do is exported outside of Canada. Think about that.

In a nutshell, we use Canadian brain power to develop high-tech products and then export them, sell them everywhere around the world, service them in the field and bring fresh cash into the Canadian economy. That is what Bombardier does. We export $8–$9 billion of goods and services every year outside of Canada. When we say that Bombardier is critical to the Canadian economy, it is a fact. It is a fact not only from a job standpoint: When you think about the 22,000 people, they are not just regular jobs; they are high-paying jobs. Our average salary is $100,000 a year. That is 1.7 times the national average. These are great jobs for people to have. If you look at the world and how you can compete with emerging countries, you need to do that on a knowledge-based industry. That is the only way we will be successful in the long run. That is what we do at Bombardier, a great company, strongly anchored right here in Canada, developing great products and exporting this.

When I joined the organization 18 months ago, the company was in a pretty tough spot. The reason is super simple. I will simplify it to this in the following comments. It is a company that overcommitted, given the capability of the organization, taking on way too much. In my previous job, when I was leading aerospace at UTC, I had the opportunity to work with Airbus, Boeing, Lockheed, Northrop and Embraer. I would say there is no one organization that would have been able to be successful in taking so many projects and programs relative to the scale that Bombardier has. If you look at it in very simple terms, we spent about $6 billion on the CCRAs. We are spending a few billion dollars on our new Global 7000, which is going to be the best business aircraft in the world. Then, we were spending, also, a few billion dollars on the smaller business aircraft called the Learjet 85. In a nutshell, $9 billion of END engineering work was invested 100% right here in Canada, for a total of $9 billion. If you look at our debt today, we have a debt of $9 billion. If you are wondering why is it that we are so leveraged, today, this is where it is coming from. That is a challenge. That is a challenge because we are heavily leveraged, and you see that we are super-sensitive to any changes that are happening to our plans, to our products, so that the market is reacting very, very quickly.

What did I do when I joined the organization? The first focus was on cash. If we wanted to save Bombardier, we had to bring sufficient cash in to make sure that we had the leeway to do anything else. That is what I did. We raised $5.6 billion in additional new liquidity, which is now giving us sufficient liquidity to act on and drive our turnaround a plan. The second thing that we did is we reset the priorities. I put all focus on the C Series to make sure that we were going to certify the aircraft before the end of 2015, and we did. I have my chief engineer somewhere, in the organization. I do not know where you are François. I went to see François, and I said that we will certify the aircraft safely before the end of the year. He took the challenge, and, with the team, we did it. That was a big milestone because we had totally lost momentum with the program. Customers were nowhere to be seen. Our pipeline was totally empty because people did not believe that the aircraft would actually make it to market. Achieving that was a very important milestone in re-launching the C Series program.

The second thing that we did is we cancelled some programs—we cancelled the Lear 85—because of market conditions. The market became very, very competitive, and it was just not there to support the investment that we still had to make to bring this aircraft to market. Another thing is that we reshuffled the schedule on our new Global 7000, adding two years to that, to make sure that we had room to breathe and we could adjust the program to the market reality. Having done that, we started to see a little bit more clearly.

Then, we launched the turnaround plan as a five-year plan. The goal of this five-year turnaround plan is super simple: It is to unleash the value of the major investments that we have done over the past few years, regain earnings power and then make sure that we put the company on the right track to be successful in the long run. We developed a very solid turnaround plan.

The last thing is we built an amazing team. It is all about people. In the end, you know that. You need to have the best possible team. What we have today is an A+ team. We recruited people from all over the world; people with deep industry knowledge in their field—whether it is commercial aviation or business aircraft—people who have seen, who have gone through tough times; people who will not see this challenge as overwhelming, but rather embrace the change that we have to drive within the organization; and people who are totally committed to the future success of Bombardier. We have a great team.

At the end of 2015, which was the first year of a three-phase plan, we were finished with the de-risking phase. We are largely done with that. I said de-risking was 2015, 2016. We still have some work to do. I hope that we are going to be able to bring some more partners in so that we can totally de-risk Bombardier. We are working on that. By and large, we said in 2015 what we were going to do, and we did it well. That was 2015, derisking.

Then, 2016 and beyond was the second phase of regaining earning power and starting generating free cashflow. That is where we are today.

The last phase is to de-leverage the balance sheet to start addressing the $9 billion of debt that we have right now at Bombardier.

In the second phase, where we are today, it is largely driven by our ability to reduce costs and be more efficient, so it is about driving efficiency across the board. What we did is we announced, earlier this year, a 7,000-people adjustment, which is not easy. Nobody likes it. I do not like this, and none of my people like it, but this is something that we need to do. On $17 billion of sales, we generate an ROS of roughly 2%. We do not generate sufficient profit to be able to repay down the debt, so it is fundamental that we improve our profitability. That was part of our plan. We did that. We are announcing it.

Actually, we are tracking ahead of plan. Management is very critical at Bombardier. Continuous improvement has to become a way of life. This is not the last step in the process. We need to make sure that we keep on driving productivity day in and day out so that we make this company strong again, very strong, and we can keep investing in future platforms—so very, very

critical.

That is kind of where we are today. If you look at where we are heading, we have a plan by 2028 to become a $20-billion business and have more than double ROS. Actually, we have committed to Wall Street and Bay Street that we would have an ROS in the range of 7%–8%. When you look at where we are today, it is a big number: A $25-billion business, 7%–8% ROS, and, with this, clearly, we would have started de-leveraging the company in a very positive way. We have a placeholder to keep investing in aerospace as well as in trains. We did not do a plan that did not plan for additional investment moving forward because this is fundamental to our business. All the lessons that we have accumulated over the past few years, we need to build on them now to be more efficient in developing future aircraft. That is what we are working on right now.

Where is that coming from? We have three business units. We have trains; we have commercial aircraft; and we have business aircraft. Let me start with the train. Train is an $8-billion business with an ROS of roughly 5%.

It is a very good, steady business. It is driven by globalization, urbanization, a growing middle class, and it is a real, good business. Probably you see steady growth of 3.5%–5%, so you beat GDP pretty much all the time. This is a business for us that is based in Berlin, in Europe, because this is where most of the activities are on the train side. We have the best product portfolio in the industry. We are a market leader when it comes to product, market access, technology. It is a very competitive landscape. The Chinese are very aggressive. You have the Japanese teaming up with the Italians. You have Siemens; you have Alstom in France—so very, very competitive. The goal on the train is to leverage the knowledge that we have and keep working on optimizing the productivity of the business so that we can successfully compete in the long run. We have a $30-billion backlog. We have a very strong backlog. We are in a good position. We need to make sure that we drive this business very aggressively to improve margins, generate more cash and keep on winning, either winning through partnership or winning on a standalone basis.

Since I am on train, I cannot not talk about the situation in Toronto. Do not throw tomatoes at me, please. When I joined the business, my focus was, clearly, at first, on the aerospace side for obvious reasons.

We were bleeding cash on the aerospace, and we needed to address that very quickly. I then started to spend time on the train, and I became very disappointed with our performance right here in Toronto, TTC or Metrolinx.

I would just say that. We made some significant changes. We have a new president of BT Americas. We are increasing capacity in Kingston, doubling our footprint. We are going to make Kingston the centre of excellence for light rail vehicle for all of Americas. Now, they are serving Kuala Lumpur, and we are going to have them servicing in Moncton, and we are going to have them servicing the Metrolinx project. This is a project that is very critical for us. Despite what you might read, we are 100% committed, and we have a good game plan to start delivering the trains on time in 2018 up to 2021. Our team is committed. There is no point in looking backward. That is what I told the team. You look backward to learn from it. That portion I get. Get your lessons, and make sure that you do not reproduce the same mistakes moving forward.

When I started to look at the train station, I said, "Okay, we do our mea culpa here. This is not what our customers deserve. We will stand up, and we will do what is right." That is what we are doing. Same thing on the TTC side. We are adding capacity. We are shuffling priority, working extensively in Thunder Bay to make sure that they have the right focus, and they deliver the trains that we have committed to our customers right here in Toronto. Not pleased with past performance, but I can tell you, we are 100% committed to fixing it. We are adding people; we are adding resources when it comes to sites, facilities, operations, and this and that, so I feel confident in our ability to get back on track. That is a nice playing with words here, but I did not intend it this way: It will be back on track. That is the train. That is going to be a $10-billion business by 2020, with about 8% ROS, and I feel pretty good about that. I see that as a solid anchor to Bombardier.

Let us move to commercial aircraft. Commercial aircraft: Three product lines. We have the Q400 Turboprops right here in Toronto; we have CRJs in Montréal. CRJs—we traded the regional jet market. We have close to 1,500 aircraft flying today. That has become a very competitive market. I will talk about that and the C Series. The Q400, CRJs—they are products that we are trying to revamp and put a bit more energy into. There is a big market demand in China and Asia-Pac for that. That is where we are focusing on, today.

If you look at what is going to drive Bombardier's growth moving forward, the second biggest driver past the train now is the C Series. The C Series, for everything that you have heard bad, I will give you the positive of that. It is an amazing aircraft. It is the best commercial aircraft in the 100–150 seat class, and there is nothing that comes close to it—nothing. You might hear that Airbus and Boeing are competing with us. It is true with older platforms. Nobody—and it is true also for Embraer—has designed a clean-sheet aircraft, other than Bombardier, for that segment of the market. That segment of the market is 7,000 aircraft a year.

We are assuming that we are going to have a small share of that. I think that we will do much better in time.

What has happened with the C Series? First of all, we certified the aircraft. Performance: Better than targets. That is rare in aerospace, and I worked on *every* single program in my previous life, and, I tell you, it never happened. There is always a gap. This aircraft came to market better than spec.

Second thing: The Québec government came in at the right time. We needed to give confidence, not just in Bombardier, but we needed to give customers confidence that the aircraft was not going to be shut down, that the program was not going to be shut down. Québec got this very quickly. With that, then we got Air Canada. With that, we got Delta. Delta has 125 orders. When people are saying Air Canada, do not count this; it is bias—home country and all that. I tell you, no, it is not how Air Canada works. That was a very tough campaign. That was a very tough one. Delta—that was a clear win. Nobody challenged us on the Delta deal, 125 C Series aircraft, that was a big deal. With this, we totally regained the momentum on the programs, where today we have a solid backlog. Our backlog is good to 2019. You will hear people asking, "When is your next order?" Honestly, the next order will be when customers are ready and when we get what we expect out of the value of the aircraft. That is where we are. We have over 360 orders. We have a backlog that is bigger than that with options and letter of intent and things like that.

Overall, we are well above 700 possibilities with the C Series. We are at a good place.

Let me talk about the performance of the aircraft. The aircraft is flying. We have three aircraft flying with SWISS right now in Europe. The dispatch reliability—and they came and serviced in August—has been going up, straight line up. Never seen that. We are almost at target right now, and we are only a few weeks into service, 600 flights, and performing extremely well.

Gordon said that the most important thing is passenger feedback. They *love* the cabin. When you are going to fly this aircraft—this is a narrow-body aircraft, small commercial aircraft that has the feel of a wide-body aircraft—we have the biggest, widest seats, widest aisle, biggest window, biggest bin.

Everybody can have their carryon, and you are not going to fight with your neighbour. It is nice, is it not? You can actually be polite and help your neighbour put their suitcase in because there is still plenty of room for you. It is an amazing aircraft. It looks beautiful.

In terms of the performance: 20% reduction in fuel emission, 20% reduction in carbon dioxide, 50% reduction in NOx. As Gordon said, we got, this week, an environment product declaration, which is the first in our industry. No other aircraft manufacturer has done that.

With this, we are 100% supporting ICAO's goal of meeting the environmental targets that they have set up for commercial airlines. That is a big deal.

We are at the forefront. We are very proud of this. That is a huge deal. Let me talk about noise because we are in Toronto. I am not going to become political today, but I will just talk about, you know. This aircraft has a 75% lower footprint than existing commercial aircraft flying. You take the footprint of an Airbus A320 or Boeing 737, and this aircraft, shrink it by 75%.

What does it mean? By and large, you can contain the noise of the aircraft on the footprint of the airport. Big deal. That is a big deal. It is a very, very quiet aircraft, in large part because of the design of the aircraft, so the aerodynamic design of the aircraft, also, in large part because of the engine. We have the most advanced engine technology in the world with the gear turbofan from Pratt & Whitney. When you combine that, that is the type of performance we got out of this. Great aircraft. I am going to stop there because I can go on forever, and I will take your entire afternoon. I will move on. That is commercial aircraft.

Last is business aircraft. We are a market leader in business aircraft. We compete with Gulfstream and Dassault at the top. That is a $5-billion business. In 2020, it is going to be a $10-billion business. Why? It is because we have a market-leading franchise with our Challenger 350, our Challenger 650, our Global 5000, our Global 6000.

Right now, we are developing, right here in Toronto, our new world-class, amazing, ultra-long-range business aircraft, which is going to be the best business aircraft in the world. It is the Global 7000 and, eventually, derivative of that will be the Global 8000. We are confident to fly the aircraft before the end of the year, and we are on target, still, as per plan, to have the aircraft coming into service in the second half of 2018. It is an amazing aircraft—very impressive, short takeoff performance, flying at high altitude, high speed, 9.925 and ultra-long range. Honestly, if you do not get to the destination that you want, it is probably because you are going the wrong way.

This is going to be the best aircraft. Nobody else will even come close to this. That is what is going to drive our growth moving forward, the Global 7000 and also the fact that we keep on revamping and optimizing our existing portfolio, which is amazing. Business aircraft: Very good franchise. Market softness, today, that is what you read in the press.

The market is tough. The market is tough for us; it is tough for our competitors. Actually, we are doing relatively well versus our competitors today in business aircraft. The Russian market is down. The Chinese market is down. The Middle East is soft. It is softness in Europe and softness in the U.S.

In the long run, this is a very strong business segment, and we are very glad to be part of that.

In a nutshell, I know when I took over Bombardier, it was not an easy situation, but we just embraced the challenge. We are looking at it with optimism. We have a very good plan in place, and we are tracking as per plan. We have an amazing team in place, which gives me confidence that we will deliver on what we are committing to, to our customers, to our shareholders and to the street. On this, I am going to stop, and I will take a few questions.

Questions & Answers

Q: (From Waterloo students:) What role do you see Canada's aerospace industry playing on the world stage 20 years from today.

AB: That is a super question. It is a tough one to answer. Bombardier is, honestly, the aerospace champion in Canada. There are great companies, Pratt and Safran. We are very fortunate to have this critical mass of aerospace industry right here in Canada. It is very unique. I tell you, I travel around the world, and many countries would kill to get the aerospace business that we have. It employs 180,000 people right here in Canada, and good jobs.

What is not normal is that we do not have an indigenous market to support this industry. When you think about that, in terms of the comment that I made about exporting our products, if you had somebody from Pratt or somebody from Safran sitting here, they would say the same thing. We are exporting a lot, which makes us, today, probably the third largest commercial aerospace country, in the world. We, Bombardier, are clearly, the third largest commercial aerospace company in the world.

Moving forward, we need to keep on developing products that will be able to compete with other countries that are now committing to developing their aerospace industry, which will make the competitive landscape even bigger and tougher. I mean Japan; I mean China, big time. And Russia is now coming back on the commercial aerospace side. Not only you are going to be fighting with the existing competitive landscape that you see today, but there will be new players coming in. We, as Canadians, need to understand whether aerospace is a priority for Canada—yes or no? If so, we need to put in place the mechanism to keep on supporting our industry, our companies, so that we can compete in this changing landscape that is happening.

Can we do that alone? Should we do it with partners? I think that is a debate. I think it is an important question. You are bringing up a topic that is close to me, that is close to Bombardier, especially, now, and that is the heart of the discussion: What do we want our aerospace industry to look like in 5 years, 10 years and 20 years from now? I am not sure I have answered your question because it is a tough one, but I like your questions, and send me your résumé.

Q: It would not be an Empire Club lunch if we did not have our requisite cheeky question: How was your lunch conversation with the Pratt & Whitney team, given the engine delays?

AB: Oh my. I was overseeing Pratt for 20 years, so I had better be careful what I am going to say. I have my Pratt friends sitting at the table, but you should be working and delivering the engine instead of sitting here. Having said that, I like seeing you all the time. This is disappointing. This is very disappointing. I think that it is hurting our momentum right now. Here is the fact: The fact is it is a great engine. I am still very, very pleased that we made that choice. It is the best engine available out there today for commercial aircraft. The performance of the engine in the field is great. Challenges like they are seeing do happen on new programs. The key is how you go at it, how you address it, and how do you bring that back on the right track? I think this is what Pratt are doing, and I count on them. I count on you, John and Ed and the thousands of people at Pratt, to be able to bring that back. They have great capabilities at Pratt, and I am confident that they should be able to resolve the issue. Heating issues do happen. You know that the C Series is probably a more sensitive program than other programs, so we have to pay a little bit more attention to that. I am confident that we will pass through it; we will bounce back, and we will continue our journey of growing the C Series program in a very nice, constructive and positive way.

Q: How does Bombardier plan on leveraging digital to enhance the company's offerings and improving operations?

AB: That is also a very good question. Clearly, with big data, there is a lot more knowledge that we have, whether it is on aircraft safety and how we can leverage that to do better design or on how to optimize design or service the aircraft out there in the field. It is not just aircraft; it is also engine and systems inside the aircraft. How can you provide a better experience to your customers, i.e., making sure that the aircraft is always on time at the gate and ready to leave on time? On business aircraft, the aircraft will always be there and ready to take off when you need it. There is a lot of work that is being done. We are spending a lot of time on this. It is not easy. It is complicated, especially in aerospace with the multiple safety and regulations that we have to abide by. Having said that, we are hard at work on this. Clearly, moving forward, it will be core and centre. Probably, we will start on aftermarket first and then bring some of the knowledge back into our early designs.

Note of Appreciation, by Colin Lynch

In grade 11, I had an accounting project. We had the opportunity to take apart a company, digest that company and put together a bunch of financial metrics. Two weeks later, after doing this project and 100 pages later, I learned a lot about the company—I chose Bombardier. I learned two things about Bombardier: One, few companies have played such a critical role in building the innovation fabric of our nation as Bombardier. Two, I learned, in looking at the components of GDP, consumption, government investment, government spending, exports and imports, that Bombardier plays an extremely critical role in the strength of the Canadian economy, not just for exports, but in the profile products that they produce and sell around the world. To some degree, it makes us proud to be Canadian.

It has been quite an honour to have Alain here to talk about Bombardier and how he has transformed the company over his tenure there. We are deeply appreciative of his time. Thank you for coming.

Concluding Remarks, by Gordon McIvor

Thank you very much, Colin. Thank you to Pratt & Whitney Canada for being our generous event sponsor, today.

I would also like to thank the *National Post*, which is our national media sponsor. We would also like to thank mediaevents.ca, Canada's online event space, which is the company that webcasts us around the world.

Ladies and gentlemen, please, follow us on Twitter at

@Empire_Club, and visit us online at empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram.

Please, join us in the coming days. We have a great week ahead of us. Tomorrow, in fact, we will be celebrating the 150th anniversary of The Bishop Strachan School, with their leader, Deryn Lavell. That is going to be a very interesting event. Then, next week, on October 6th, Mr. Patrick Brown, Leader of the Ontario PC party, will be joining us to talk about his plans for the future.

Ladies and gentlemen, thank you very much for your attendance today. This meeting is now adjourned.

The Empire Club Presents

MS. DERYN LAVELL

HEAD OF BISHOP STRACHAN SCHOOL

WITH
WOMEN & EDUCATION IN CANADA: HOW FAR WE HAVE COME. HOW FAR WE HAVE TO GO.

September 29, 2016

Welcome Address by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Hello, once again, ladies and gentlemen. I hope you all enjoyed your lunch. It was quite fantastic. Good afternoon. We are live from the Delta in downtown Toronto. Welcome, to the 113th season of the Empire Club of Canada. For those of you who are just joining us through either our webcast or our podcast or on Rogers TV, welcome, to the meeting.

Before our distinguished speaker is introduced, it gives me great pleasure to introduce our Head Table Guests. Traditionally, I would ask that, as I call them to rise, we hold our applause, but for any of you who have come to these lunches, you know that nobody listens to that, so clap as much as you would like as I call these names.

HEAD TABLE

Distinguished Guest Speaker:

Ms. Deryn Lavell, Head of School, The Bishop Strachan School

Guests:

Mr. Brendan Caldwell, Director, Caldwell Securities Ltd.

Ms. Riley Caldwell, Student

Ms. Vivien Clubb, Head of Marketing and Communications, IBK Capital Corp.; Bishop Strachan Alumna

Ms. Jody Larose, Executive Director, Tourism Partnership of Niagara; Director, Empire Club of Canada

Ms. Cindy Tripp, Chair, Bishop Strachan Board of Directors

Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. For my day job, I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada for this season.

Ladies and gentlemen, your Head Table guests.

This is part of our 150th anniversary of Canada series, or the sesquicentennial.

Do not try to say that five times fast. As part of that series, we always start off our lunches by lighting some candles on a cake and blowing them out.

I would like to call up Deryn and Vivien to join me for this ceremony.

This season at the Empire Club, in celebration of the sesquicentennial, we are hosting a series of speakers to address topics of significance not only to the history of this great country, but also to its future.

Education in Canada and, more specifically, the importance of women's education, is an ideal topic for this series. At this Club, on October 3rd, 1935, the Director of Education from Kent England, Mr. E. Salter Davies, delivered a speech entitled "Education and the Future of Civilization." Mr. Davies, who was visiting Canada to celebrate the 25th anniversary of the Overseas Education League, had this to say about how best to define education: "Education is the deliberate human effort, which is directed upon the individual with the twofold objective of enabling them to be at home in their environment, to understand the world to which they are placed, and to enable them to do something to bring their environment into harmony with one's own conscious purpose." What an accurate and eloquent definition of 'education', the kind of inspirational description that should make any educator proud of what they do.

The problem is that during Mr. Salter's time, the central focus of education was, not exclusively, but primarily men. Thankfully, we have come a long way. In fact, recent statistics indicate that young women are frequently outperforming their male counterparts in the classroom. A 2006 census indicated that for the first time in Canadian history, there are actually more female than male university students, with women making up 60% of all graduates. While there is still much progress to be made, women's education, in Canada, is the strongest it has ever been and has contributed to the elevation of women to some of the highest positions of leadership in business and government.

Today, we have the pleasure of having with us an educator who is truly passionate about bringing out the best in young women and helping to shape the female leaders of tomorrow. Deryn Lavell is a highly respected educational leader with over 30 years of experience in Canada and abroad. With a Master of Educational Administration and a Bachelor of Education from the University of Victoria, Ms. Lavell's career has taken her from the classrooms of Alert Bay, Prince Rupert and Victoria, B.C., to increasingly senior roles in the United Arab Emirates and Canada.

Currently, Ms. Lavell is the Head of School at the Bishop Strachan School—soon also to celebrate its 150th anniversary, making it this country's oldest boarding school and day school for girls. She is a powerful advocate for equality and empowering girls with the confidence they need to thrive in an increasingly complex world, a philosophy that has distinguished her leadership at BSS.

Ladies and gentlemen, please, join me in giving a warm welcome to our guest of honour, Ms. Deryn Lavell. And, first, a short video will play before Deryn addresses the audience. *[VIDEO.]*

Deryn Lavell

I always think that the girls speak much better than I ever could. I hope you enjoyed that video and got a little taste of who we are at BSS.

Thank you, Paul, for that very kind introduction. Good afternoon, everyone. I am really so pleased to see so many friends and so many colleagues and, of course, students here today. I would also like thank Douglas Derry for suggesting this wonderful opportunity.

It is a real honour to be speaking at the Empire Club, an organization that stood at the centre of important Canadian conversations since 1903. In that time, you have welcomed a startling collection of some 3,500 speakers in whose footsteps I now humbly stand. One of those speakers, the Honourable Iva Campbell Fallis, in 1939, began her address by saying, "I count it a great honour that I, a mere woman, should be asked to speak in these sacred precincts of the male, or perhaps, the great majority of you are becoming more or less reconciled to the fact that no place is sacred from our invasion anymore." I had a laugh when I read that—just how brazen it was.

Because of its records of speakers and the archives it has kept, the Empire Club offers us a unique insight into the evolution of women's roles in Canadian society. I am sure, at the time, it was quite extraordinary, not to mention progressive, to have a female speaker address that audience. It was an era when women's places were taken for granted to mean the home, or, as my grandfather liked to call it, 'the good old days'. My, how things have changed and how they have not. I was watching the *Tonight Show* with Seth Meyers after the democratic convention, and he said half-jokingly, "Hillary Clinton and Donald Trump have clinched the nomination of their respective parties, which means we could be looking at our first female president or our last president." I am not going to dwell on that terrifying sideshow that is going on with our friends to the south. However, the narrative swirling around this presidential contest, rife with sexism, racism and dumbism, reminds us, rather chillingly, that even in one of the most progressive and enlightened societies on earth, there is a sizeable portion of the population that would rather have an unstable demagogue running things than a woman. Gender is playing a big role here, not just because of Trump's obvious limitations, but—and, perhaps, even more dangerously—because of the unconscious bias against female leaders that is going to be tested in the U.S. this November.

Whether you like Hillary or not, consider yourself a feminist or not or are male or female, there is an extensive body of research that shows that women who seek leadership positions often encounter resistance if they violate gender norms by acting in what are thought to be masculine ways, like being competitive, assertive and self-promotional.

According to Terri Vescio, a psychology professor at Penn State who studies gender bias, the more female politicians are seen as striving for power, the less they are trusted and the more moral outrage gets directed at them. If you are perceived as competent, you are not perceived as warm, but, if you are liked and trusted, you are not perceived as competent. In other words, you are damned if you do, and you are damned if you do not.

There is a lot at stake right now. If gender bias topples Mrs. Clinton's chances, we may all pay a punishing price. That is the amazing and frustrating story of our age. Women have gone from being nonexistent in public and professional life to being reluctantly accepted, to outnumbering their male counterparts at all levels of education, to working alongside them, to everyone feeling self-congratulatory about having a female actually run things.

Today, those shining examples are trotted out over dinner parties and dinner conversations to demonstrate that everything is fair and fine out there. If you dare to point out things, like unconscious gender bias, you will quickly be accused of man bashing by men and women alike.

I, as the proud Head of Canada's oldest day and boarding school for girls, see it as my responsibility to prepare our students for the real world. Yes, that means they will need the hard skills, the knowledge, the critical thinking, creativity and innovation mindset that are all required in today's economy, but they are going to need much more than that. We cannot afford to buy into the myth that all will be fair and equal for them as they strive for leadership in their chosen fields. They are going to need a firm handle on what to expect and the tools, not only to deal with it, but to change it.

At the same time, I must take care not to extinguish their enthusiasm and ambition. It is a tricky line to walk. The future of our country, well, the planet, actually, relies on women, like me, like them, not giving up or giving in. That might sound a bit breathtaking, but bear with me. If you are inclined to wonder why we still need a girls' school like BSS and girls' schools in Toronto that my colleagues all run, I am here to tell you.

We are on the verge of celebrating a big birthday, and we are all really excited about it. BSS is turning 150 years old next year—and Canada, too, by the way, as you know. By a country's term, 150 years is still pretty young. Canada is youthful; it is growing; it possesses a sense of future and possibility. For a school to be turning 150 and still be thriving, relevant and young at heart, that is a real accomplishment. To be a girls' school, nudges that accomplishment a few more notches, particularly, when you think about the world in which BSS was born, a world that did not place much priority on girls' education. At that time, their options were limited primarily to convent schools run by the Roman Catholic Church or a few private schools that were too expensive for most. The Anglican Church wanted to create a quality school that would be affordable and would offer an alternative to the Catholic teachings. In 1867, the Bishop Strachan School, named for the first Anglican Bishop of Toronto, was opened.

The first 31 students were to be prepared—and here I quote from our archives: "For the serious duties of life as members or heads of families." Although the school offered sufficient preparation for those who wished to pursue university studies, there actually were not too many places to go. King's College, the precursor to the University of Toronto, began welcoming men in 1843, but its doors remained shut to females until a provision was passed by the Ontario legislature in 1884 to admit women.

The first female 11 students who gamely joined the gentlemen scholars were denied access to reading rooms, residences, the library, and even the washroom, as there were none designated for women on campus; however, the spark had been ignited, and things were about to change, albeit more of a simmer than a conflagration.

You have to remember, too, that, at the time of Confederation and the founding of BSS, there were three basic conditions for becoming a voter: One, you had to be male; two, you had to be 21 or older; and, three, you had to be a British subject. Women, Aboriginals and non-British immigrants were out of luck. Women could be required to pay taxes, but were not entitled to vote until just 100 years ago, and nobody was throwing them a tea party.

Having the vote was one thing. Having the right to enter public life was quite another. From Senator Fallis' speech to this club in 1935, she cited an editorial that said, "Now that women have been granted the franchise, the House of Commons might as well prepare to receive them as members, but, fortunately, that is a problem the Senate will never have to face." Canadian women were not officially persons, according to the British North America Act, and, therefore, they were not eligible for a Senate seat.

That changed thanks to the dogged determination of a small group of women, interestingly, led by BSS alumnae and the first female magistrate of Canada, Emily Murphy, who fought for and eventually won a seminal change in policy.

Finally, women were declared to be persons, and Senator Fallis, who started her career as a teacher, was the second female to receive such an appointment, or, as she described it, she became the second problem faced by the Senate.

Over the years, BSS has played a significant role in shaping the path for women in Canada. With alumnae like Emily Murphy, all the way back in 1885, all the way to distinguished leaders like Jalynn Bennett, one of the most influential business leaders in Canada, or Laryssa Patten, aerospace engineer, we have been behind the scenes as the incubator of empowerment, working with girls at the most important developmental stages to ensure they feel strong and capable and ready to take on the challenges ahead.

Sometimes it takes a big anniversary like this to go back and reflect on our history, to read the stories of our past. It is instructive when I talk to the girls at BSS today—girls who really only know this world in which everything seems pretty fantastic. They have such a positive outlook on their prospects, and they do not feel there is anything real or imagined that can hold them back simply because they are girls. "Time to move on, Ms. Lavell; you are living in the past." They say that a lot. It is tempting to believe that. I want to believe that. After all, are we not among the most open, democratic and values-driven nations in the world?

Our prime minister brought parity to cabinet. There are 22 female CEOs among Fortune 500 companies, including IBM and HP; 16 of 94 colleges and universities in Canada are being run by female presidents. Hillary Clinton's contention to become president of the United States paints a pretty rosy picture, does it not? Well, when my colleagues and I at BSS think about what our girls need to be successful in their lives, it would be irresponsible of us to dwell only on that half of the picture. We have to give the whole picture and prepare them for what really lies ahead: That is not all roses.

Allow me to refer to another of the Empire Club's distinguished speakers, the Honourable Ellen Fairclough, Canada's first female member of cabinet. In 1957, she observed that despite the large number of women shareholders, the names of relatively few women appear in the list of directors of Canadian companies: "It is my conviction that this situation will change in the next ten years [...] although legislation has been adopted in most of Canada, which gives equal pay for equal work to men and women, there has yet not been general acceptance of the principle of equal opportunity." It has been a little more than her predicted ten years, and there are still too few female directors, and the pay equity gap in Canada remains stubbornly out of whack. That women continue to face challenges based on stereotyping, unconscious biases and a lack of innovation in public policy to champion families of two working parents is true and puzzling.

Most of us can agree that equal opportunity and equal pay are sacrosanct in a democratic society, but we just have to do better at achieving a record that we can, as Canadians, be proud of when it comes to gender. Equality is not the same thing as sameness. Maybe this is where we have been running into difficulties. I might be equally qualified, but I bring different skills to the table. This is a concept that has been wildly manipulated to gloss over the underlying sexism with what, on the surface, appears to be a reasonable point of view. To wit, former Australian Prime Minister, Tony Abbott in 2010 opined, "While I would think men and women are equal, they are also different, and I think it is inevitable—and I don't think it is a bad thing at all—that we always have, say, more women doing things like physiotherapy and an enormous number of women simply doing housework." That is not what I mean by 'different'. There are ways in which women's conditioning, if not our actual brain wiring, lead us to different strengths. The question is what does that mean in terms of our value?

Whether you believe that gender-assigned roles emanated from cave person days or, as a recent study suggests, things started to tilt in favour of men in charge with the advent of agriculture, the skills commonly assigned to males have been, throughout history, more highly prized, things like hunting, defending the community from danger, providing food and shelter, amassing wealth and power. These are the things that people praised. Killing a raging boar in its tracks was deemed a lot more admirable than whipping up a boar souffle, never mind that you did not have a stove or even a whisk. Nevertheless, strength, bravery, feats of daring and risk and all the attendant character and physical strengths they required were embedded in human culture as powerful and, therefore, good. Raging boars are not so much of a problem anymore. We need a new ranking system.

We are in the era of innovation. Invention leads to the wheel. Innovation leads to sticking wheels on a suitcase. It is a mindset that is constantly seeking fresh perspectives on the status quo. President Obama observed that the country that goes all in on innovation will own the global economy. Canada must transition to a knowledge-based economy if we are to ensure sustainable growth and standards of living in the future. That means our reliance on raw materials and manufacturing needs to shift. We must differentiate ourselves in the global marketplace. Innovation relies on educated people imagining what is not there yet. We need particular strength in the STEM fields, including research and development. Across all knowledge sectors, the demand for skilled workers is going to continue to rise. The World Economic Forum projects that by the year 2030, the U.S. and Europe will likely need an additional 70 million workers to sustain economic growth.

It is unlikely that Canada can rely solely on immigration in that competitive environment, to fill its own gaps, particularly, in the light of a declining birth rate and an aging population. It so happens that women may be, in fact, particularly well equipped to lead in the area of innovation. Study after study has concluded that women can and, in fact, are better leaders in organizations that rely on teamwork and collaboration for productivity. In one study of 82 teams in 29 organizations that were identified as innovation based, it was found that as coordination requirements increase, teams with female leaders reported greater team cohesion, more cooperative learning, and more inclusive communication than those led by men. This is particularly valuable when you think of members of teams working from different locations and even countries.

The stereotype that women are not likely to perform as well in functional areas traditionally believed to be male oriented, such as engineering, IT, legal and R&D were also resoundingly refuted by a broad five-year study, which demonstrated that women received not only solid, but higher effectiveness ratings than males in these functional areas.

In a Center for Talent Innovation study concluded that the most successful companies deploy two kinds of diversity: Inherent, meaning more women and people of colour, and acquired, meaning leaders behave inclusively to, as they call it, foster the speak-up culture that unlocks a broad spectrum of perspectives and tool kits. Their study showed that companies with these attributes out-innovate and outperform their competitors.

There is no evidence to support the notion that female leadership traits and attributes are *less* effective in today's world. In fact, the growing body of evidence suggests the opposite is true. What is getting in the way? Pattie Sellers, editor-at-large for *Fortune* magazine, believes that parity will not happen in our lifetime because the band of acceptable female behaviours is so narrow as to render it impossible for women to, a she puts it, lead authentically. Selena Rezvani, author of *The Next Generation of Women Leaders*, states that our social conditioning has entrenched the nuanced barriers that women face, not only by men, but from women, too. It is a complex problem. I think we need to start by ranking so-called female leadership traits right up there with the so-called male ratings and male traits because we can plainly see that they are equally valuable and increasingly important in the innovation era.

We must change our lenses and recalibrate our perception so that women are allowed to be cranky and ambitious without that translating into untrustworthy and other words, which I am not going to use. I will leave that to Mr. Trump. I am not as pessimistic as Pattie Sellers. I do believe parity is within reach. I also believe we have a lot of work to do. I need for the girls at BSS to be aware of that reality and to be ready so, so ready to take it on. By championing women in leadership roles, I am not advocating displacing men. It is not a zero-sum game. It is also not a balancing act or an exercise in fairness. It is simply the fact of fitness. All those millennia of conditioning, brain wiring, figuring out how to make boar meat taste good have led us to this place. Now, there is a real opportunity to own the future, if Canada prizes and celebrates its immense female talent pool to strengthen our economy and our country.

In education terms, I made it to CEO. I feel blessed and so proud to be the leader of one of the finest academic institutions in the world. The fact that I run a girls' school is even more perfect for me because, along with my colleagues, I get to be the one to make sure that the girls in our community hear the words, "You can do anything."

Sometimes that is all a girl needs, but sometimes she also needs to be prepared with a realistic view of the world and the character traits she needs to thrive in it, things like resilience, patience and the value of failing, the rewards of risk, win or lose, empathy, curiosity and, above all, self-confidence. Our girls have the right abilities at the right time for them to finally realize Senator Fallis's desire back in 1935, to have our vocation in life determined largely by our own ability and inclination, rather than be determined for us solely by custom and environment.

Far from becoming anachronistic, the role of BSS is more crucial, more relevant, more exciting and more challenging now than ever before in its 150-year history. We are educating for this economy for the potential of what Canada and the world can look like in the future, not just to lead innovation for the sake of amassing wealth, but for the sake of saving the planet, for having a more peaceful and less violent world, for improving our better natures and deepening our sense of connection to one another.

We give our girls a world to grow up in that is full of opportunity so that they can rise to their fullest potential. That is going to benefit all of us. Thank you.

Note of Appreciation, by Mr. Brendan Caldwell, Director, Caldwell Securities Ltd.

They could not find a cave person, so they have got to use the old boy to do this. I have to say that Deryn Lavell has been one of my great heroes. I was blessed with three daughters, who were kind enough to come here today, and we were looking around for a school. I had one younger brother growing up, and I had gone to an all-boys school from the time I was eight. God thought it would be funny to give me three girls. I love you all dearly. I really, deeply, profoundly do. I just do not understand you. As my wife, Sandra, and I were looking for the right place to go, it was really Sandra that really settled on a school that was academically focused, was focused not just on that, though, but on the emotional, spiritual, physical well-being of the young women in its care. Deryn Lavell, as much as anyone in recent years, helped create that school and create an environment where my daughters and many hundreds of other young women like them can grow up to learn that they can, in fact, do anything, and they can become the people that their creator intended them to be.

For your words, today, Deryn, and for years of blessing, help and support to our family, I thank you.

Concluding Remarks, by Paul Fogolin

A sincere thank you to our two generous sponsors for this afternoon's lunch, our sesquicentennial sponsor, IBK Capital, and our event sponsor, Caldwell Securities. Without sponsors, we simply could not hold lunches such as this, so thank you very much.

I would also like to thank the *National Post*, who is our print media sponsor and Rogers TV, who is our local broadcaster. We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of viewers all over the world. Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, follow us on Twitter @Empire_Club, and visit us online at our website at www.empireclub.org. We also have Facebook, LinkedIn and Instagram accounts.

Finally, our next event is a week today on October 6th. It is Patrick Brown, Leader of the Ontario PC Party. If you are interested, please, visit our website and purchase tickets.

That brings us to the end of today's event. Thank you so much for coming. Thank you so much, Deryn, for addressing us on this important topic. I wish you all a great afternoon.

The Empire Club Presents

MR. PATRICK BROWN

LEADER OF THE OFFICIAL OPPOSITION, ONTARIO; LEADER OF THE PC PARTY OF ONTARIO; MPP, SIMCOE NORTH

October 6, 2016

Welcome Address by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, ladies and gentlemen. We are live, once again, from the Fairmont Royal York Hotel in downtown Toronto, and, welcome, once again, to the 113th season of the Empire Club of Canada. For those of you just joining us today either through our webcast or our podcast, welcome to the meeting. Before our distinguished speaker is introduced today and I introduce the Head Table Guests, I do want to let you know that Patrick Brown has been kind enough to say he will answer some questions after his remarks. There are some papers at each of your tables. If you do not mind writing down any questions you might have, you may pass them along to our staff.

I would ask that each guest at the Head Table rise for a brief moment and be seated after their name is called. At this point, I typically ask the audience to refrain from applauding, but we all know that that never happens, so clap away.

HEAD TABLE:

Distinguished Guest Speaker:

Mr. Patrick Brown, Leader of the Progressive Conservative Party of Ontario; MPP for Simcoe North

Guests:

Mr. Paul Fogolin, Vice President, Ontario Retirement Communities Association; President, Empire Club of Canada

Mr. JP Gagnon, Vice President, Personal Insurance at Travelers Canada

Mr. Gurdev Gill, Financial Advisor, Financial Depot Inc.

Mr. Phil Gillies, Municipal Practice Lead, Enterprise

Ms. Jane McKenna, Consultant to Bruce Power Nuclear; Former PC MPP for Burlington

Ms. MJ Perry, Vice-President & Owner, Mr. Discount Ltd.; Ph.D. Candidate (University of Toronto); Director, Empire Club of Canada

Ms. Sue VanderBent, CEO, Home Care Ontario; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

There is one last person I would like to acknowledge in the audience. We have one of our past presidents with us: Dr. Eric Jackman. One of the world's most influential business thinkers, a gentleman named Gary Hamel, once said that a noble purpose inspires sacrifice, stimulates innovation, and encourages perseverance. It is often stated that there is no pursuit more noble than public service. I think that is a fitting quote to introduce today's speaker.

Patrick Brown is famous—or infamous if you ask his opponents—for his remarkable work ethic. Regardless of one's political views, Ontarians admire and respect political leaders who work hard and with purpose. Armed with a vision and a mission and fueled by relentless focus, dogged determination and perhaps a few cases of Red Bull, Patrick Brown entered the 2014 PC leadership race. When he first entered, he was actually given little chance to win. At the time, he was relatively unknown, and he was up against some established candidates with deep pockets and vast networks. But, over time, people began to notice the young upstart from Barrie, who was quickly rising in the polls and winning one handshake in Town Hall at a time. The hard work paid off, and in 2015, Patrick was voted as leader of the PC, and, just a few months later, was elected as MPP for

Simcoe North. Since becoming leader, Patrick Brown has not slowed down. He has continued to work tenaciously on a number of fronts, including the launch of Your Opinion for Ontario, the most extensive grassroots policy and platform development program the party has ever undertaken.

Patrick began his career in public service at the age of 22 when, still a student at the time, he was elected to Barrie City Council. He entered federal politics in 2004, when he ran for the Conservative Party of Canada, and while he did not win that election, he would run once again in 2006, when he defeated a sitting cabinet minister and was elected as the MP for Barrie. Patrick served as an MP for nine years before resigning once he was elected as leader of the Ontario PCs.

Patrick works tirelessly to listen to and build strong partnerships with groups, individuals, first responders, the business community, government and organizations—not just at home, but also abroad. It establishes connections for him that enable him to better serve his constituents and the people of Ontario. Patrick is an avid hockey, tennis player, and—I think most of us know—a marathon runner as well. He has helped to raise nearly $2 million for the Royal Victoria Hospital in Barrie as well as other charities, such as Autism Ontario and ALS Society of Canada.

Ladies and gentlemen, please, join me in giving a very warm welcome for our speaker today, leader of the Ontario PCs, Patrick Brown.

Patrick Brown

Thank you for the kind introduction, Paul, and thank you for wearing not only a blue tie and a blue suit—I just noticed you are wearing blue laces on your shoes. You certainly make a Conservative feel welcome. It is an honour to be at the Empire Club, obviously with a rich and proud history where we can engage on the topics of the day.

Today, I thought I would talk about where Ontario is and where we need to go, the challenges we are facing and what the opportunities are for us to turn the corner and get Ontario back on a track to prosperity.

We will start off with Ontario today. We are $300 billion in debt and growing. Actually, as of earlier this week, the Auditor General tells us it may be $11 billion larger in debt than we had originally forecast. With $1 billion a month in interest, we have the second highest tax burden in the country for both businesses and families. Since 2003, every single year, our economic growth has fallen behind the national average. We have 600,000 Ontarians in arrears on their hydro bills, and 30% of Ontarians, according to a recent poll, do not have confidence in the provincial economy. That is a scary starting point of where Ontario is today.

We receive equalization payments. We have had our credit downgraded numerous times, and so rather than accept that as being the status quo for Ontario, I think the challenge for anyone who aspires to be premier or any party that aspires to serve in government has to say what we would do, what we would do differently to make sure that that is not the order of the day in Ontario, and that is what motivates me. That is what motivates our caucus and our team as we work around the province of Ontario.

One of the beautiful things of going to every single corner of the province is that you hear good ideas, and, boy, have we been doing that. We have a minivan, an Ontario-made minivan, on which, in the last six months alone, we have put over 100,000 km. When it comes to seeing the province and hearing good ideas, we are doing just that, whether it is in Kenora or Wawa or Ottawa or downtown Toronto. We are hearing suggestions, and that is important because you get some of the best ideas by asking people in the field.

My friend Gurdev Gill is here today. There is one quote that I always borrow from him. I remember visiting Gurdev once in his home, and he said, "God gave you two ears and one mouth. Listen more than you talk." If politicians do that, they will avoid some of the mistakes they make. We are trying to do that right now as a party with our policy process for Ontario.ca. We are collecting the best ideas, but there are themes. There are themes we are hearing in the province on the challenges and the opportunities. I thought today I would share with you the four pillars of economic development that we have identified as where there is opportunity for Ontario. And it is on red tape; it is on infrastructure; it is on education; and, of course, on energy.

I will touch upon those briefly here today. On red tape, I want to share with you a quote from Ed Clark, who spoke at the Toronto Board of Trade, November of 2015. Ed Clark said, "Ontario has 380,000 regulatory requirements for business—almost double the number in some provinces. While the number is staggering, the structure and complexity of compliance is even more problematic. It makes us less competitive. We are seen by foreigners and even ourselves as a slow place to do business." That cannot be the sign when you think of Ontario. We need to be viewed as a province where we have minimal red tape, a province that does everything we can to reduce the regulatory burden.

I see former MPP and cabinet minister, Frank Klees is here today. When Frank was in public service—I remember in the 1990s—you had the red tape reduction secretariat. You made it the business of government to cut red tape, to make sure that there was an open-for-business sign in Ontario where the province of Ontario would be easy to interact with. And my worry is that is not the case today.

Craig Alexander of the Conference Board of Canada said last month, "Ontario has twice as many regulations as British Columbia." I actually think B.C. is a well-regulated economy, so why does Ontario need twice as many regulations? According to the Conference Board, this illustrates an impediment to growth. I agree with The Conference Board. The regulatory burden in Ontario is turning business away. It is turning investment away.

According to the Canadian Federation of Business, excessive red tape is the second highest priority after taxes raised by their membership. What does that mean? What is the cost of red tape? Well, let me share with you some examples that I have heard around the province. Dave Shaw, an owner of Taurus Stampings in London, has to conform just in his small business to 1,500 government regulations each year, and he says, "Why do we locate in Ontario?" The owner of Parkland Farms, outside of Sarnia—I am not sure if Bob Bailey is with us today, but he is always proud to have any reference of Sarnia—said it takes 15–20 hours each week to deal with the paperwork just for his farm. In the tech sector, there is a group, Startup Canada, that does advocacy on behalf of the many startups we are seeing. And according to their membership, that red tape is identified as one of the biggest obstacles for success in Canada when they explain why startups in Canada are struggling compared to other jurisdictions. That is why any path forward for Ontario has to include a commitment by the next government to reduce red tape to reduce the regulatory burden. And, I can tell you, if we have the honour to govern, that will be one of the things that we would immediately address to make sure that any unnecessary red tape, any regulatory burden that puts Ontario at a disadvantage, would no longer be there, and we would create an Ontario advantage on red tape. That is my first pillar of economic development.

My second pillar of economic development is on infrastructure. I think anyone here in Toronto can appreciate the importance of infrastructure. Even in the middle of the day, it can be hard to move around Toronto. I have to go to Brantford later today—and Phil, who is from Brantford, was about to be the only person who clapped. It is a beautiful place. Not only does Phil come from Brantford, but some pretty notable, great Canadians, like Wayne Gretzky, do as well, so you are right: Brantford always deserves an applause. But it could take us two or three hours to get to Brantford today, at least. As we travel the province, we hear again and again about missing transportation corridors. And so the ability to get product to marketplace, that is a pillar of economic development for the province of Ontario.

The Toronto Region Board of Trade estimates the gridlock costs the region $6 billion in lost productivity every year and expects this number could grow as high as $15 billion by 2031. And our friend MPP Michael Harris is here today. And I think every business I met in Kitchener-Waterloo, when we did a round table of businesses, mentioned that the travel from going from KW to Toronto is discouraging business investment in Kitchener-Waterloo and why that is a priority. It is not just Kitchener-Waterloo; I hear that across the province. I believe the province of Ontario has a responsibility.

When you look at getting product to marketplace, how can Ontario be faster than Michigan or New York or Québec or Manitoba? What can we do to create an Ontario advantage on product to marketplace? That is not limited to road or rail; it is aviation, too.

I see Justine Deluce won the door prize tonight, and I think of the great work that her family has done in aviation, and I believe this government today is putting great companies, like Porter, at a disadvantage. The Government of Ontario decided we were going to raise the aviation fuel surcharge by 150%. You know who would love that? Buffalo. The head of the Buffalo Airport said it was one of the best days Buffalo ever had. I want to create an Ontario advantage, not an Ontario disadvantage. I repeat that, because it is important to think about. This is a global competition for jobs. B.C. got rid of their aviation fuel surcharge, and they got 20 new flights. They grew their aviation economy by 2,000 jobs. We cannot fall behind in that competition. Buffalo is competition. Vancouver is competition. And we need to make sure we are slightly better. When you raise the aviation fuel surcharge by 150%, you are creating a disadvantage.

And it is not just air; it is marine. Right now, Québec is making major investments into the shipping industry, recognizing they want to get product to marketplace by that corridor as well, and we are treading water. We are not acting. We are not working with some of the major shipping companies to make sure that Ontario has that corridor as well.

I find that when it comes to infrastructure, it is sort of like the movie *Groundhog Day*. We are making the same announcements, but they get delayed and delayed and delayed. You look at the transportation corridor for the Ring of Fire, re-announced three times in five years, and no action, nothing actually being built, no shovels in the ground. Every time there is an election, governments talk about infrastructure, but what we need is action.

For the Scarborough by-election, there was a promise of a subway in 2013, and now we are saying that it might happen by 2026. The two-way, all-way GO in Kitchener was supposed to happen in five years. Now, it is going to be at least ten. In Niagara, we were promised full-time GO service within a year in 2014. Now, it will be at least 2023. In Sudbury, before the Sudbury by-election, we were going to see the four-laning of Highway 69 by 2017. Now it will not even be possible until 2021 at the earliest. Commitment to infrastructure cannot be a commitment that is only talked about at election time. What I would love to see, what I would love to do with the next Government of Ontario is to make sure we are known as a government that invests in infrastructure to make sure our transportation corridors are stronger, more effective, more efficient than our competitors. And Ontario needs that. Just try driving in Toronto at four o'clock today. Try driving on the Gardiner at four o'clock, and you will see the growing disadvantage we have. It has to be addressed, and that will certainly be one of our priorities, and it is why infrastructure is my second pillar of economic development.

My third pillar of economic development is education. It is a skills gap. A lot of people say, "What does education have to do with economic development?" It has *everything* to do with it.

Let me share with you a quote from former Premier Bill Davis, who actually launched his biography yesterday and was still in fine form. In 1965, he gave a speech to the Ontario legislature. He said, "I have no intention of permitting any group of young people to be forgotten and deprived, or any group of adults needing retraining, new information, new education for a world of work in a new age to be neglected. The new era is golden with promise, if only we prepare for, in time for it." Bill Davis built the college network, understanding it was the government's job to make sure that the education footprint we have in the province met the labour market demands.

My worry is that today in Ontario, we are not meeting the labour market demands.

The Ontario Chamber of Commerce reported that Ontario's skill shortage costs the economy $24.4 billion in foregone GDP and $3.7 billion in provincial tax revenues annually. So, where is this skills mismatch? Let me give you some examples to illustrate it and why this needs to be a focus of the next Government of Ontario. Last year, we graduated 9,000 teachers for 5,000 teaching positions. We are intentionally graduating young people for jobs that do not exist. That is not right; that is not fair, especially to the young person who thinks they are going down that path for a job in that profession, not knowing that it will never be possible, and having the government subsidize that process.

The student takes out a student loan, and then will be left without a job. We need to think about this. We need to have that conversation in Ontario. Thirty-nine percent of employers are experiencing difficulty filling a job over the last 12–18 months, according to the Ontario Chamber of Commerce membership. By 2025, Ontario could face a shortage of approximately 364,000 workers, according to the Conference Board of Canada. Fifty-two percent of engineering and infrastructure firms have trouble hiring someone with the qualifications they need. We need more engineers, and the government should encourage that. The government should enable that.

You look at other skills that are in desperate need in our academic journey. The TD Bank of Canada's national report on financial literacy said that eight out of ten young Canadians lack confidence in their financial knowledge. I was doing a tour in Eastern Ontario with MPP John Yakabuski, and I went to the Employment Ontario office in his riding in Pembroke, and the manager at that Employment Ontario office told me that on a regular basis, he will have a high-school grad that cannot make simple change at a teller. We are not having robust financial literacy when that happens in Ontario. That should not happen in Ontario. We should make sure we give young people the financial tools that they need to be equipped with for the challenges that they are going to meet. We need to graduate young people for the jobs that exist today and tomorrow, not the ones that existed 20 years ago, and there are so many opportunities to graduate young people in fields where we are confident that they are going to get a job.

Another states that other provinces are adapting. British Columbia just added coding to their curriculum. There is incredible potential in the tech sector, and we need to adapt. We are not adapting in Ontario.

I did a roundtable in Kitchener-Waterloo with some of the tech companies there. There was one tech company in particular, Desire2Learn, who told me that of their new employees—and this is a very successful tech company that is really taking off—half of them came from California. I said, "Why would that be the case?" And they said, "The deep programming they need. We only teach in two of our academic institutions in Ontario." I said, "Why don't we teach them at all academic institutions here? If you need deep programming, why don't we teach that here?" Desire2Learn said they did not know why. They were bewildered why we were not having that academic stream here. We need to adapt. We need to adapt to the jobs that exist today. The tech sector is just one example where I believe we are treading water.

You look at the skilled trades, and there are huge shortages in the skilled trades. To every community I go, I hear about far more job opportunities than there are applicants in the skilled trades, and yet, right now, we are essentially defunding industrial arts in most school boards.

When I grew up, I had shop class. Using your hands is not a bad thing. Why would we not provide the funding to have industrial arts? Why that is becoming forgotten from our academic process is beyond me. We need to use the tools we have in government to encourage young people to follow the paths that will lead to a job. If there are jobs in the tech sector, if there are jobs in the financial world, if there are jobs in the skilled trades, we need to adapt. That is the key thing. Government cannot tread water. Bill Davis understood that 50 years ago, and we have to understand that today. The status quo is not working for Ontario. If we are losing $3.7 billion in provincial tax revenues that we desperately need because we are not graduating young people for the jobs we need, that should be an alarm bell that has to be rectified. That is why evolving our education system to meet the skills shortage of today is my third pillar of economic development.

My last pillar of economic development is on affordable energy. This is probably something—and I know MPP Vic Fedeli is here today. I do not think there is anything we hear more often than the challenge with hydro prices in the province of Ontario. It is costing us jobs. We have the highest energy prices in North America. We passed Hawaii this summer as having the highest hydro prices in North America. No mainland generation within 1,000 km, and they have affordable hydro. We have energy policy that has been set on political considerations, not by the experts, not evidence-based policy, and it is costing Ontario.

Everywhere I go in Ontario, I hear about businesses that are leaving Ontario or that are not expanding here because of energy prices.

Stanpac is a company that I recently met with in Niagara. They have got a plant in Smithville and in Texas. The difference in their hydro bills between the two plants of similar size is 100% or, in dollar terms, $650,000 a year. The owner of that company said, “Where do you think we’re going to put our next investment? Is it going to be in Ontario or is it going to be in Texas?” I do not want people looking away from Ontario because of hydro. The Ontario Chamber of Commerce found that 1 in 20 Ontario businesses are considering shutting their doors, according to a membership survey, in the next five years because of hydro prices. Ontario, like I said, is home to the highest industrial electricity rates in North America. That is a big sign telling businesses not to come to Ontario. That has to be addressed.

Auto assembly plants in Ontario paid as much as $112 a megawatt hour for electricity in 2014. That is about double the cost of electricity in 15 mid-western states who averaged $48 a megawatt hour. Think about that competitive disadvantage for Ontario: $112 a megawatt hour in Ontario in 2014—it has gone up since then—and $48 in competitor states.

I am going to read you a quote from Terry Rafih, Chairman and CEO of Rafih Auto Group.

He said, “People complain about labour costs. Labour costs are not that bad.

Ontario is competitive. Electricity, natural gas—they’re out of control. They’re the second highest cost.” That is someone in the industry, in the auto sector, saying why it is difficult to retain auto jobs in Ontario.

What is the solution on energy? How have we gotten in this predicament where Ontario has this giant disadvantage on energy? Between 2009 and 2014, Ontario’s average annual electricity surplus was almost equivalent to the total existing power generation of Manitoba. That is our surplus. In fact, by 2020, Ontario will produce as much surplus power—this is looking ahead. By 2020, Ontario will produce as much surplus power that we could power the province of Nova Scotia for five years. As a result, over the last three years, Ontario has given away $3 billion worth of energy to neighbouring states. This government has become the best ministry of economic development that Pennsylvania, Michigan and New York have ever seen. That is not our job. We are charging you to give it to Pennsylvania. We are charging you on your global adjustment and giving it to Michigan. We are subsidizing your competitors, and, for some reason, that is okay in Ontario. It is unbelievable! Generation use for production is good. Generation capacity that is paid for but not used is bad. Spilled water at hydro facilities, diverted steam at nuclear facilities, disconnected inverters at renewable facilities—those are not good.

It is an indication of economic waste. That is my concern.

We have green power, domestically produced green power, that we cannot use, that we are spilling, and we are signing agreements for contracts that we know we are going to give away. It has nothing to do with green energy. It is bad contracts that are being signed, and, unfortunately, the government continues to create more generation, sign more contracts, and everyone in Ontario is paying for it. That has to be rectified.

If there were an Ontario PC government tomorrow, we would start off by immediately stopping signing energy contracts for power we do not need. We would stop the further sale of Hydro One. We would take measures to make sure that supply and demand are in line, so we do not export billions of dollars in power each year. We have to have competitive energy prices in the province of Ontario, if we hope to succeed. That is my fourth pillar of economic development. It is ultimately about creating a package for Ontario that creates an Ontario advantage because right now, in Ontario, if you are a municipal leader, if you are a business, this is the hand we are dealing you: Come to Ontario; we have excessive red tape. We are number one in Canada in red tape; we have suffocating transportation corridors, gridlock that is getting worse by the year; we have an education system that is graduating people in the wrong fields and have mismatched human resources because of that; and we have the highest energy prices in North America.

That is the hand that we are dealing you. Imagine we could flip that around. Imagine we could deal you a hand that said, "Come to Ontario. We have the least regulatory burden; we have the least red tape; we have effective transportation corridors to get product to marketplace; we have an education system graduating young people in the fields that are emerging; and we have competitive energy prices." If we had that hand, I know Ontario can succeed. I know Ontario can be that province that leads in confederation like we always have, historically. That is the possibility. I think the lens that any premier has for the province should be what makes us competitive. Any decision made in Ontario that makes us less competitive should be avoided like the plague. It is about being competitive.

Let us talk about one of the new conversations we are having in Ontario today. It is well known and it has gotten media coverage this week that Justin Trudeau was saying all provinces have to have a carbon price. We had this debate in the provincial legislature last spring.

Kathleen Wynne has introduced a cap-and-trade system where the government is going to collect $1.9 billion more in revenue. It will give the government more money for spending, and, at the same time, we have to purchase emission credits from the Western Climate Initiative, so we will, by 2020, be purchasing $300 million in credits from California and, by 2030, $3 billion. How does that make us more competitive? If we have $1.9 billion of new costs, that does not make Ontario more competitive. You look at B.C., and it is revenue neutral. Everything collected goes back to the people; it goes back to businesses, so there is not a competitive disadvantage in British Columbia.

In Ontario, if it is simply new taxes, if it is simply new costs, if it is simply a new revenue stream for government, we are creating a disadvantage. We made amendments; we tried to convince the government to make their cap and trade revenue neutral. They said no. We tried to ask for AG oversight to make sure every cent was going to the right area. The government had no interest. That is why on this debate on cap and trade or a carbon price, we have been trying to take a conservative approach by saying what creates an advantage. We are not running from the debates on environment. We are actually embracing them. Our environment critic, Lisa Thompson, MPP, who is here today, has been doing a spectacular job. Lisa, we really appreciate all your hard work on that. I am proud that the Progressive Conservative Party in Ontario understands that no one has a monopoly on environment as an issue. Frankly, it was Bill Davis who created the Ministry of the Environment; it was Brian Mulroney that helped negotiate acid rain. And we are going to make sure we address the challenges of climate change today and do so in a fashion that protects Ontario's ability to be competitive. A revenue-neutral carbon price is a much better policy for the province of Ontario than cap and trade that will simply enable more government spending and more money flowing out of Ontario.

I want to close by saying that I am really excited about our journey as a Progressive Conservative Party over the last few years and where we are going. We have seen more and more people come towards our party saying, “We want to be involved. We want to help.” Our party has grown from a membership of 10,000 two years ago to—now we are closing—to a membership of close to 100,000 by the end of the year. We are seeing a different PC Party. I remember looking out in the by-election of Scarborough–Rouge River, a riding that the Conservatives had once lost by 51 points but where we won by 10%. What I saw in that room was more volunteers than we could handle and that it was reflective of the beautiful diversity of the city of Toronto. Our membership has increasingly diverse; it is increasingly young; and that is a beautiful thing for our party to see.

As I said at our conference in Ottawa: It does not matter who you love; it does not matter where you were born; it does not matter the colour of your skin; it does not matter your faith; it does not matter where you work. You have a home in our Progressive Conservative Party, if you want to get Ontario back on track. I can tell you thousands and thousands of Ontarians are signing up and saying it is time to get Ontario back on track for prosperity. If anyone here today wants to join us on that journey, I implore you to get involved. We are 18 months away from the next provincial election— not that I am counting—and we would love the assistance, whether it is getting involved or sharing your ideas. Our policy process for Ontario.ca is starting from the premise that there is no monopoly on a good idea. It does not matter if an idea was originally a PC idea, a Liberal idea, an NDP idea. If it makes sense for Ontario, we are going to embrace it. That is our only barometer: What makes sense for Ontario, what will make us more competitive. We are working very hard, from 7:00 a.m. to midnight to make sure that our party is successful in the next election, so we can get Ontario back on track. That is what it is about. That is what we are burning the midnight oil for, and I am just so thankful that all of you gave me an opportunity here today to say a few words, and I look forward to the questions that may have been written during lunch. Thank you so much.

Q: What is your economic strategy to deal with the increasing wage gap?

PB:I think the best thing to address a wage gap in terms of our society today is to create jobs. I look at the example of Fort McMurray. In Fort McMurray, before there were challenges in the industry, people working in subways were making $25. People working at McDonald's were making $25 an hour because there was a shortage of jobs. My goal is to fix our economic fundamentals, so that we create an Ontario advantage. And there is a competition of jobs where if you are a young person looking for a job, it is a choice between a good job and good job. When there is a shortage of jobs—we have lost 350,000 manufacturing jobs—and when you have a bleeding of jobs, it means that less and less can be paid and there are less and less good jobs. And I think a strong, vibrant economy is the best recipe to deal with the wage gap.

Q: Why not privatize electricity? Alberta did it very successfully.

PB: Right now, we have had the debate over the privatization of Hydro One. We have a number of concerns with how it has gone about. One, the losing majority control is an issue we have had with it. If you look at what the City of Toronto is doing, they are actually retaining majority control. The other worry we have is that government is actually, in some cases, loaning groups funds to purchase shares. That does not help the province's bottom line. One of the biggest concerns is it is not, the money that is being collected, as much as the government said it was going to be used to fund transportation. It is all being used right now as one-time money, and we are still going to be in a structural deficit. It is unfortunate how it has happened, and I think the fact that 200 municipalities have come out against it—the fact that the financial accountability officer has said the way it has been done will be a negative for Ontario after two years—should be raising alarm bells on the privatization. Our party voted against it in the legislature.

PF: Again, let us give a round of applause for Patrick Brown. I would like to welcome Jane McKenna up to the podium from Bruce Power to provide the thank you.

Note of Appreciation, by Jane McKenna, Consultant to Bruce Power Nuclear; Former PC MPP for Burlington

On behalf of Bruce Power, I would like to thank Patrick for his insightful words. We all know that we need change in government, and we all know that this government has a lack of respect for the Ontario taxpayer, and they are definitely out of touch with the people of Ontario.

I was one of the first PCs to support Patrick in his bid for leadership. I believed in his energy, his dedication and his unwavering commitment to rebuilding the PC Party in preparation for success for 2018.

After hearing your remarks today, Patrick, I think we all have a clearer understanding of what we need for change with you. Thank you from all of us for joining us here today.

Concluding Remarks, by Paul Fogolin

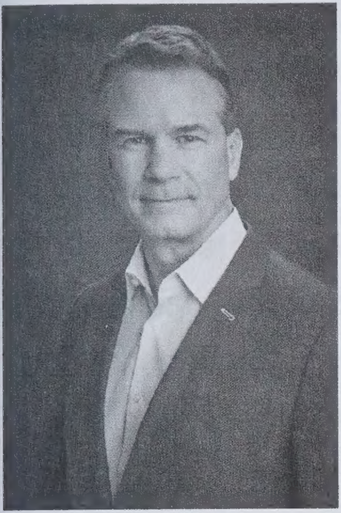
A sincere thank you to our generous sponsors today. Our event sponsors are Travelers Canada and Bruce Power Nuclear as well as our fantastic VIP sponsor, Enterprise. Without sponsors, we simply cannot hold these lunches, so let us give them a generous round of applause.

I would also like to thank our print sponsor, the *National Post*, as well as mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of new viewers all over the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram. I do not think we have Snapchat yet. Maybe next year.

Finally, please, join us once again: Our next lunch is on October 27th. We will have Chris Overholt, the Chief Executive Officer and Secretary General of the Canadian Olympic Committee, and I am told we are going to secure some athletes as well from the Olympics. That will be fantastic. Thank you for attending today. This meeting is now adjourned.

The Empire Club Presents



MR. CHRIS OVERHOLT

CHIEF EXECUTIVE OFFICER AND SECRETARY GENERAL OF THE CANADIAN OLYMPIC COMMITTEE

WITH

BEYOND VANCOUVER 2010: AN INSIDE LOOK AT THE COC'S JOURNEY TO BUILD CANADA'S OLYMPIC MOVEMENT FOR THE FUTURE

October 27, 2016

Welcome Address, by Colin Lynch, Vice President, Strategy Growth – Executive Office at Greystone Managed Investments and First Vice President of the Empire Club

Good afternoon, ladies and gentlemen. From the Hilton Hotel in downtown Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our webcast, our podcast, or on Rogers Television, welcome to the meeting. Before our distinguished guests are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask that each guest to rise for a brief moment and be seated as your name is called.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Chris Overholt, Chief Executive Officer and Secretary General, the Canadian Olympic Committee

Guests:

Mr. Tony Eames, Board Member, Canadian Olympic Committee; Past Empire Club Guest Speaker

Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation (MPAC); Director, Empire Club of Canada

Mr. Curt Harnett, Three-Time Olympic Medalist, 1984, 1992, and 1996

Mr. Derek Kent, Chief Marketing Officer, Canadian Olympic Committee

Mr. Adam van Koeverden, Four-Time Olympic Medalist, including Gold Medalist in 2012

Ms. Monica Masciantonio, Director, Government Affairs, Scotiabank; Director, Empire Club of Canada

Ms. Rosie MacLennan, Two-Time Gold Medalist, 2012 and 2016

Mr. Mark Tewksbury, Gold Medalist, 1992

My name is Colin Lynch. I am the Senior Vice President, Strategy Growth, in the Executive Office of Greystone Managed Investments and the first Vice President of the Empire Club of Canada. Ladies and gentlemen, these are your Head Table Guests.

We have a group of marketing and media students joining us today from Ryerson University. Students, please, rise to be recognized.

It is a pleasure to welcome the Canadian Olympic Committee to the Empire Club of Canada. The Olympic movement needs almost no introduction. It is an unparalleled celebration of the human spirit and excellence in almost every field of athletic endeavor. Every two years, a feat happens—surprising even in this hyper-connected, modern age. Thousands of youth representing the height of human accomplishment gather from almost every country in the world. Though that is not simply the only sight to behold. A supporting cast of coaches, trainers, diplomatic representatives and other attachés gather from around the world and, in mere weeks, an entire village of global citizens is created.

Along with this, comes tens of thousands of persons to tell us their stories, tens of thousands of other volunteers and hundreds of thousands and sometimes millions of visitors, guests and spectators. For 16 days, the world comes together in a unique and impressive way. Human achievement and grand spectacle dominate the world's headlines, supplanting the usual commentary on more elections and discord. It is a welcome and helpful reminder that humanity can achieve greatness, whether on the field or in the rink or in the mere orchestration of the largest peaceful gathering of individuals in the world.

Every two years, we, as a nation, affirm our commitment to this most global endeavour and our athletes become our ambassadors. We see in their accomplishments not simply impressive athletic feats, but an ability to showcase the best of our country to the world. Few can forget Donovan Bailey's gold-medal, 100-metre dash in Atlanta, Simon Whitfield's triathlon gold medal in Sydney, or this year's incredible feat by Penny Oleksiak in the pool.

It is in this vein that I welcome today's honoured guest. His role is unique. He heads the Canadian portion of a global movement that plays a significant role in building our collective memory, as a nation. His organization has helped us with the Montréal, Calgary and Vancouver Olympic Games, three defining moments that helped to build our nation's identity and defined our role on the world's stage.

Chris is an impressive person. Born in Toronto, Chris worked in senior roles with the Toronto Raptors and at Maple Leaf Sports and Entertainment, where he was Vice President of Sales and Service.

He then served as Executive Vice President, Business Operations, and Chief Marketing Officer of the Bank Atlantic Center and the Florida Panthers Hockey Club from 2003–2005. He then joined the Miami Dolphins of the National Football League as Vice President, Corporate Partnerships, where he led efforts to sell corporate sponsorships and oversaw the team's television and broadcast relationships.

He joined the Canadian Olympic Committee in April 2010, and served as Chief Operating Officer and Chief Marketing Officer before being named Chief Executive Officer in August 2011. Before Chris takes the stage, please, turn your attention to the screens for a short video.

[VIDEO.]

Chris Overholt

Rio was pretty great, was it not? Those images and those memories will never, ever get old for me.
Thanks, Colin, for that kind introduction and for the warm welcome and to our friends at Bell for sponsoring this event.

Ladies and gentlemen of the Empire Club, I am grateful for the invitation to speak to all of you today. When I look back at the distinguished figures in sport who appeared on this stage, from Richard Petty and Paul Beeston, to Rick Hansen and Paul Henderson, it is nothing short of a humbling experience to be here on behalf of all of us, with the Canadian Olympic Committee, and the many athletes, coaches and sport leaders we represent, many of whom are here today. I know you will all join me in honouring them appropriately with a great round of applause.

It is fantastic, if I may say, to see as many familiar faces in the room today. I would like to personally thank our team, Derek Kent, and everybody who has contributed to today's effort. I have been in this business now almost 20 years, and was out of town for a little bit, but the faces are enduring for me, and it is really quite warming to see all of you here, so thank you.

It is an exciting time to be Canadian. Our place in the world is, in fact, changing. We see ourselves differently. We are more united than ever, and we have a new prime minister who has spent the past year introducing a fresh brand of Canada to the rest of the world. It can be fairly said that Canada, as a nation, is once again a world leader, and our National Olympic Committee must reflect that same place in the international sporting world.

Today, I would like to talk to you a little bit about who we are, where we have been, and as importantly, perhaps, where we are going. It is a story with many authors, and it is a vision of a future for the Canadian Olympic Committee that plays a pivotal role, not only in the Canadian sport system, but in Canadian society well beyond the field of play. Indeed, we believe that sport has the potential to transform our nation. Sport is one of the world's great unifiers, and, together, we should do all we can to put the power of sport to work for our nation and for the generations of children who stand to be inspired by all of what it can represent.

While the power of sport can be transformational, our primary goal has always been and must continue to be the same: Maximizing our influence by providing our Canadian sport system with the financial backing it requires to succeed on a global stage. Over the past several years, our team at the COC has worked tirelessly to engage Canadians and corporate Canada to elevate sport in powerful new ways. Our efforts are already paying off. We could not be more excited about what the future holds.

Our work together with all of our many partners has enabled us to significantly increase our investment in sport, helping us to ramp up our support for Canada's National

Sports Federations to nearly double our investment contributions to Own the Podium since 2008, and to fuel some of the ambitious plans that I will share with you today. But this is not enough.

While our business is on solid financial footing, we cannot rest. The competition has never been more fierce. Ten years ago, Own the Podium was an innovation, yet the world sits today quite uncomfortably right outside our door. Status quo is not an option. We must innovate. We must expect more of ourselves and work every day to find new ways to deliver the financial resources our system and our athletes require to compete and win on the world stage. We need to develop ways to provide more for our athletes, as people, not only so they can compete and win today, but also so they can pursue their dreams beyond the field of play as leaders in communities, in business, and, if they so choose, for Canada, more broadly. Canadians look to our athletes as leaders and to the Olympic values, in many ways, as an inspiration for a nation. That's something we take very seriously.

Today, I want to share with you our vision for the COC. It is a story of momentum, of partnership and, ultimately, perhaps, a better Canada built through the power of sport.

It was not that long ago that the Canadian Olympic team brand was something that Canadians felt, well, strangely disconnected from. Our fans simply did not think about us until it was time to dust off the rings for other games. I am not sure we were always helpful to ourselves in this regard. We have not always thought like the powerful, national sports property we are today. We had a hard time imagining ourselves as relevant on the marketing calendar for 12 months a year. Instead, we tended to look at our organization in four-year stints, in short-term goals built around an Olympic cycle. But the success of the Vancouver games set us apart for an entirely different conversation with Canadians about what the Olympic movement *can* mean and *should* mean for this country. In fact, I believe a lot of the optimism we are feeling today for the Olympic movement emanates from our collective experience and the almost tribal emotion we experienced as a nation around Vancouver.

Our approach to our brand and our business has changed. We are no longer the COC; we are the Canadian Olympic Team. Our brand is a living, breathing expression of who we are as a country. Our athletes are the very centre of all of what we believe and represent. They are sons and daughters, our neighbours' kids from down the street, around the corner. They come from every corner of the country, and they are determined, resolute and optimistic. We know them, and we want them to succeed.

Our marketing partners understand this, and they believe in the Team Canada Brand. They are signing on for bigger investments than ever before, and they are committing for extended periods because they see the tangible value from their association with Team Canada. They have come to understand what our athletes mean to Canadians.

The recent and very generous support of Canadian institutions, like Bell, RBC, Canadian Tire, HBC, Air Canada, and Deloitte, is unparalleled in our 112–year history. Together with many others, they forged a new future for sport in Canada. In fact, over the past six years, our corporate sponsors have committed more than a quarter billion dollars to high-performance sport in this country. I am pleased to say it is having a profound impact on sport, and, I believe, our country, in ways that we never imagined.

It is not just about the money. It is about the way we, as a system, have applied these resources, that has made the difference. Our sport system is stronger and working more collaboratively than ever before. While we may not always agree, we have found a way to become partners. We have refined our approach. We look to engage and support each other, and we find ways to challenge each other that are healthy and forward looking. Together, we found a way to polish our gems with new innovations. They are advancing our shared goals, and already we are seeing exciting results.

Take, for example, some of the adjustments we made in our approach to sport investment after London. Immediately following 2012, Own the Podium, made a number of recommendations as to how we might adjust our investment strategy. As a result, we gradually shifted more of our resources to our next generation of athletes.

Today, the system, through Own the Podium, invests deeper in the athlete pathway, deploying specific strategies across the board to work with younger athletes. We work cooperatively to apply minimum performance strategies in some areas, and, for the first time, applied the beginnings of our data analytics program, supported by our friends at Canadian Tire, to identify and track our athletes who are on pace for medal performances.

You are already seeing the impact of these decisions show up in our medal counts and our overall athlete performances. We are coming off one of Canada's greatest Summer Olympics in our nation's history. Our athletes and coaches delivered 22 medals, our best performance in a non-boycotted games since 1936. In London, we had 35 top five finishes. In Rio, we had 44. There were 59 top eight finishes in London, but, in Rio, that number rose to 71. We qualified just one team for London, and we sent five to Rio. Think about this, we had ten, fourth-place finishes at these most recent Olympics, but it was truly our next generation of Canadian athletes who took centre stage in Rio. In total, 52 of our 71 top eight finishes, including eight of our medals, and two of our gold medals came from first-time Olympians. The average age of our Olympic medalist was under 24. We have never seen a group of athletes this young be this good.

Andre De Grasse is just 21 years of age and looks like he is going to be the heir apparent to the title of World's Fastest Man. No one will soon forget Penny Oleksiak, just 16, and she turned in maybe the greatest Olympic performance in our country's history. The future looks bright, indeed. So how did that happen? Well, not by accident.

We have laid a great foundation. What you saw play out in Rio with the tremendous results on the field and in the pool—incredible strength of our brand, and our major partner renewals—that is all a result of the groundwork realized now over many years. But there is so much more to be done. To be successful on the field of play, we must continue to be successful off the field and in the boardroom, but the cost of being competitive and staying competitive on the world stage continues to go up. What is more: The rest of the world is not standing still. Other countries have seen what we are up to: The investments, the strategies we have applied. They are coming for us. To this end, we have made some very real changes to our business just this week, hard decisions designed to align our investment strategy with our goals. It is never easy to make these kinds of decisions, but the bottom line is that we must find new ways to drive incremental revenue to the system and make our business as efficient as it can be to remain competitive and, in turn, maximize our investment in sport.

With that vision in mind, today, we are announcing a number of key investments we will be making in sport over the next four years that we believe will forge a new future for the Canadian, high-performance sport system in Canada. Let me take a few moments now to outline our clear intention for a new level of financial support for our athletes and coaches in Canada.

First, we are renewing our commitment to high-performance sport by investing $37 million, working hand in glove with Anne Merklinger and the Own the Podium team and cooperatively and more deeply with our National Sports Federations and our federal government partners. We intend, together, to take prescribed targeting and high-performance sport investment to the next level.

Second, today, I am also pleased to let you know that the Canadian Olympic Committee, supported by our many private sector marketing partners, will commit $16 million over the next four years to fuel the growth and development of the next generation of Team Canada. This money, when matched by the federal government of Canada, will result in a $32 million impact on the Canadian sport system for the benefit of our next generation.

It is impossible to understate the importance of coaches to athletes' journeys. The international competition for top coaching talent is more competitive than ever. We must do everything we can to ensure that Canada attracts and retains the top coaching talent. Today, I am pleased to announce that the Canadian Olympic Committee will invest $5 million into a new coach enhancement initiative. The first-of-its-kind program for the Canadian sport system will bring critical financial support to this important area of our business and assist our National Sports Federations with the important work of attracting, retaining and developing the best coaches in the world for years to come.

We are not quite done yet. Over the last four years and based on a series of recommendations delivered through an intensive study with our partners at Deloitte, the COC has invested considerable resources in an effort to strengthen the capacity of our National Sports Federations. Since 2014, $10 million has been invested into this program, and I am pleased to announce today that we would be committing an additional $5 million over the next four years. Our system can only ever be as strong as our National Sports Federations, and the COC is committed to ensuring their long-term health remains a key priority. We must continue to acknowledge the invaluable work they do with this country's top athletes.

Finally, it was about this time last year that we initiated our new athlete transition program that we call Game Plan. Unique in the world, this initiative is dedicated to helping athletes transition to new lives after their competition career has come to an end by investing in their personal development outside of sport, while they are competing. Today, we are announcing an additional $1 million of funding for Game Plan, so that we can continue to fuel the aspirations of our athletes after their competition careers.

Altogether, these programs, when coupled with a number of other initiatives, existing and new, will see us invest in sport and, cooperatively, with our federal government, as much as $132 million over the next four years. This represents an overall anticipated combined increase of almost

140% compared to the four-year period between 2009 and 2012.

Of course, none of this would be possible without the enduring support of our sponsors and our partners and the Liberal Government of Canada. I would like to personally thank the Honourable Carla Qualtrough, the Minister of Sport and Persons with Disabilities, for her continuing work and support.

What is next? While we have made great progress, the road ahead requires us to keep raising our game so that our athletes can continue to raise their own. We must find ways to deliver more for our athletes and, by extension, for our country. While Own the Podium has undoubtedly been a success, we must innovate to stay ahead of the performance curve. Our landmark data analytics partnership with Canadian Tire, now several years mature, is clearly generating returns, and it is time to take it up a notch. It is time for the COC, working with Own the Podium and our National Sports Federations, to double down on this approach to identify the next generation of world-class Canadian athletes and accelerate their potential. We must resist politicizing our sport agenda.

Just as John Furlong and others challenged all of us ahead of Vancouver to stretch and dream, we need to find that place again. Let us stretch to achieve our goals as an Olympic nation like never before. This is not about under-promise and over-deliver. The Olympic agenda for

Canada should never be merely good enough. It should always be audacious. Winning matters. It matters first to our athletes and, over recent time, it has become pretty clear that it really matters to Canadians. Our athletes train and compete to win. They are bold, and we need to be bold with them. We need to celebrate when we have it right and call out our shortcomings and our failings when we do not have it perfect. For all the success that we have achieved in recent years, we still have some athletes that are successful in spite of our system. We cannot blindly say that it is all working. We need to take it on, and we need to get it right.

Earlier, I mentioned Game Plan. Our program, launched a year ago, is designed to help athletes set themselves up for success when their playing careers end through perhaps no choice of their own. Education is the backbone of life, and we have fallen short in this area in the past. We have been especially challenged to support our winner athletes who so often must leave school to chase the snow in order to train and compete. We need to help all of our athletes embrace the power of a great education. We need to be finding ways to support them in this way from the moment they decide to undertake their journey into high-performance athletics until they find their footing once they leave Team Canada. This is how we build sport, and it is how we build leaders, and I believe it is our responsibility. We simply cannot ask our athletes to set aside their personal goals and aspirations for sport and for the country, and then not have a plan for them after they are done. To this end, I am pleased to let you know that we will have a major partnership announcement in the weeks ahead with respect to this important area of our business. There is more to come on that very soon.

Finally, if we are going to continue to advance the power of the values of the Olympic movement through this country, it is important that each generation of Canadians has a chance to experience the excitement of the games on our home soil. Calgary in '88; Vancouver in 2010; and, more recently, Toronto, in 2015, the Pan American games showed us all that Canadians are best in class when it comes to hosting the world's biggest sporting events. The question is not if Canada should host another Olympic games, only when and where. It is not just about putting on a great show. The legacies of these multi-sport games have the power to change the sporting culture of our nation.

Canada's investments in facilities and training centres for the Pan Am games in Toronto last year are already driving results in competition. All you need to do is look at our swimming facilities, and then see how well our athletes performed in the pool in Rio for proof of how this kind of investment helps. That is why we are actively exploring potential interest among our major cities for bringing another Olympic games to Canada. It is time for us to become a perennial contender, bidding every 15–20 years for the world's greatest sporting expo.

Finally, I must acknowledge the incredible role of the federal government over the past ten years. Vancouver was a game changer, and it would have been easy for all involved to pull back in the years that followed. However, both this government and the one that came before it had been resolute in their commitment to sport, and they can do more. Status quo is never going to be enough to maintain our competitive standing in the world. Costs are going up, and we need to be constantly reevaluating how we are supporting high-performance sport in this country.

As a first step, I am today calling the federal government to take a fresh look at the current Athlete Assistance Program. I am asking Ottawa to closely examine how we are supporting our carded athletes. The AAP in Canada has not been adjusted for inflation in near 11 years, and that can simply not be a recipe for sustained, Olympic medal performance.

These kinds of changes represent not only support for sport; they are an investment in our national culture with the power to shape our country's future. Canadians believe in the power of sport. It is part of our shared heritage in this country, and it is woven into the very fabric of our culture. Our athletes are emblematic of our love for all that sport does to reveal the true character of who we are. In our athletes, Canadians see the qualities they have come to believe are most Canadian: Integrity, dedication and humanity.

Their impact can be intuitively understood, of course, but never truly measured.

How many watched Mark Tewksbury win his gold medal in 1992 in Barcelona and were inspired to achieve not just in sport, but in life? How many have felt his influence as a leader in Canada in his community, inspired by a story of strength and resilience when it was not popular to lead from the front as a gay man or to call out the obvious shortcomings of the International Olympic movement at the time when no one else was bold enough to do so? Do we really know what greatness Rosie has already inspired with her performance in London in 2012 or this past summer with her incredible gold medal in Rio? We will never truly know until it happens again and we witness one of our Canadian athletes in that moment explain the dream that was inspired by those moments and others just like them. We saw this all again in Rio. We saw Canadian athletes exemplify the best of what this country stands for on the world stage. We saw them take on the world and win. Even in the cases where they came up short, they did it all with unmatched courage, strength and with poise emblematic of a nation and a people that know how to win and sometimes lose, but always with grace.

At the COC, our mission is simple: To build an organization that Canadians can be proud of—one that is reflective of our culture, our people and our pride as a nation. Thanks to the commitments from our partners, the work of our teams, and most of all our athletes, we are making that vision a reality. We are not just changing the COC; together, we are changing Canada.

There is a new generation of Canadian athletes who are stepping up and taking a leading role. They are the authors of their own stories and ours, as a nation, and we look forward to the new stories that our children and our children's children can cherish and revere for decades to come. We owe it to each and every one of them to ensure that they have everything they need to be the very best they can be in their moment to take themselves, their communities, and to make their country proud. Our passion for sport as a nation lives in them. Their stories are oftentimes defining moments in our lives. In these moments, we all stand witness to what it means to be Canadian, a nation connected and enduring. Let us together write a sporting future for Canada like no one has ever imagined could be possible because it is our Olympic athletes who show us time and time again what it can mean and that, in fact, impossible is nothing. Thank you.

Note of Appreciation, by Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation (MPAC); Director, Empire Club

On behalf of the Empire Club, I want to thank you, Chris, for a tremendous speech about working on behalf of Canadian athletes, fighting for our athletes, encouraging our youth, transforming and unifying the role of the sport, assessing risks and how to overcome them, your new Canadian investment in sport and how that has paid off and how past investments have paid off in medal counts. You have told a story of momentum in partnership. You have outlined the most important thing, and that is a sense of Olympic spirit and how we are all better for it, as Canadians.

I think that I would also like to thank the athletes, who are the most tremendous part for me. As a Canadian being able to watch that in my home, which makes my summers and winters a little better every four years, it is a tremendous feeling. And I think all of you worked very hard, for all the athletes in the room, to make Canadians proud. I think that is a tremendous thing. On behalf of the Empire Club, thank you, Chris.

Concluding Remarks, by Colin Lynch

A sincere thank you to our generous event sponsor, Bell, for making this event possible. Without sponsors like them, Empire lunches would not be possible. Thank you, once again, for your support.

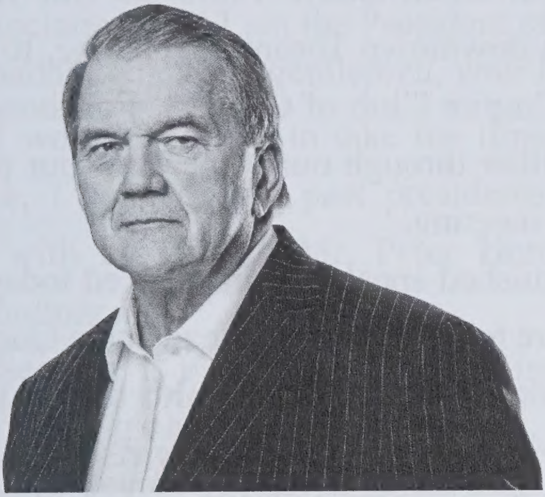
I would also like to thank the *National Post*, as our print media sponsor, and Rogers TV, our local television broadcaster. We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club, and visit us online at www.empireclub.org. You can also follow us on Facebook, LinkedIn, Instagram and anything else you would like.

Finally, please, join us again, as we have some fantastic events coming up: Our very first Empire Club evening event with Mr. Bob Rae, at 6:00 p.m. on November 9th; a luncheon with Governor Tom Ridge on November 15th; and another luncheon with Minister Glenn Thibeault on November 28th.

Thank you for your attendance today. This meeting is now adjourned.

The Empire Club Presents



GOVERNOR TOM RIDGE

FORMER U.S. SECRETARY OF HOMELAND SECURITY

WITH CYBERTERRORISM: THE NEXT WAVE

November 15, 2016

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon once again, ladies and gentlemen. I hope you enjoyed your lunch today. From the One King West Hotel, again, in downtown Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us either through our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. We do have a fantastic Head Table here with us today. I would ask that each of the Head Table Guest rise as I call their name and, typically, at this point, we ask the audience to refrain from clapping, but we know nobody listens, so clap as much as you like as I announce the names.

HEAD TABLE

Distinguished Guest Speaker:

Governor Tom Ridge, Former Secretary of Homeland Security; Former Governor of Pennsylvania; and Chairman, Ridge Global

Guests:

Mr. Brian Jones, Founder and Vice Chairman, Ridge Canada Cyber Solutions
Mr. Greg Markell, President & CEO, Ridge Canada
Mr. Peter McFarlane, Managing Director, Toronto Head Office, Kroll
Mr. Sean Murphy, President, Lloyd's Canada Inc.
Mr. Bill Nugent, Regional Managing Director, North America, Kroll
Mr. David Peterson, Chairman, Cassels Brock & Blackwell LLP; Chancellor, Emeritus, University of Toronto; and Former Premier of Ontario
Mr. Brian Reeve, Partner, Cassels Brock & Blackwell LLP
Ms. Verity Sylvester, Vice President, CMC+CO; Past President, Empire Club of Canada
Ms. Ilse Treurnicht, CEO, MaRS Discovery District; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association, and I am the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table.

I would also like to take the time to point out that we have, I believe, two past presidents, in addition to Verity with us today: Mr. Peter Hermant and Mr. Noble Chummar.

Security is one of the foremost issues of our time. All across the globe and here in the west, people live their lives in some degree of fear. It is just a fact. And whether or not we agree with the degree of fear that people are living in, it *is* how people feel. When a Pew research poll was conducted earlier this year in the United States, they asked 2,000 Americans to list what they believe the top international threats to security to be. Number one was ISIS, which is no surprise. What might be surprising to you is that number two was the threat of nation-on-nation cyberterrorism. In particular, people are concerned about things like a digital raid to steal another government's information or a large-scale attack on a nation's electrical grid. Fully 72% of Americans believe that cyberterrorism is a legitimate threat. This beats out the fear of global economic downturn, the fear of the spread of infectious diseases and even the fear of climate change. That is significant!

It is hard to know where we truly stand. Is cyberterrorism truly a great threat or perhaps is it something that is maybe a fad, hyped up by the media? Perhaps it is something bigger than that, a more existential threat, perhaps, even the greatest threat of our modern era.

Fortunately, today, we are privileged to have a guest speaker with us who has some answers, a man with a wealth of experience on matters of national security and the rapid rise of digital and cyberterrorism. He is here to help us make sense of this evolving danger and to better prepare for the challenges that lie ahead, both for government and for business, and not just in the United States, but also, here, at home, in Canada.

Following the tragic events of September 11th, 2001, Tom Ridge became the first Assistant to the President for Homeland Security, and, on January 24th of 2003, he became the first Secretary of the U.S. Department of Homeland Security. During his tenure at DHS, Secretary Ridge worked with close to 200,000 employees from a combined 22 agencies to create a single agency that facilitated exemplary security for American citizens. Perhaps, he is slightly to blame for line-ups at airports, but folks, there is so much more to it than minor annoyances. DHS was concerned with the flow of people and goods; instituted layered security at air, land and seaports; developed a unified national response and recovery plan; protected critical infrastructure; integrated new technology; and improved information-sharing worldwide. Tom Ridge served as Secretary of this historic and critical institution until February 1st of 2005.

Prior to the events of September 11th, Tom Ridge was twice elected as Governor of the State of Pennsylvania. He served as the state's 43rd governor from 1995 until 2001. Governor Ridge graduated from Harvard with honours. After his first year of law school at Penn State, he was drafted into the U.S. Army, where he served as an infantry staff sergeant in Vietnam. He earned the Bronze Star for Valor, the Combat Infantryman Badge and the Vietnam Cross of Gallantry. Once he returned to Pennsylvania, he earned his law degree and, later, became one of the first Vietnam combat veterans elected to the U.S. House of Representatives, where he would serve for six terms.

He is currently Chairman of the United States Chamber of Commerce's National Security Task Force. He is also the co-founder of Ridge Canada. He provides clients with solutions to cybersecurity, international security and risk management issues.

Ladies and gentlemen, we are tremendously privileged to have Governor Ridge with us today. Join me in welcoming him to our podium.

Governor Tom Ridge

Thank you very much, Mr. President, for your very gracious introduction, and thank you very much for your very warm reception.

I am burdened down by the history of the legacy of the speakers who have appeared before the Empire Club since 1903, and I will proceed notwithstanding that you have had people like Gandhi and Winston Churchill and many other luminaries. It is a great pleasure to have the chance to really have a conversation with you about something that your president and I thought might be of interest to you and the business community and to the government as well, and that is really business in the, what I call, 'digital forevermore'.

A couple of initial thoughts: I have had a great life in public service and will always be grateful for the opportunities to serve my country, but if you look closely at my résumé, you would probably say, "The guy can't hold a job." I bounced around a couple. I have enjoyed the privilege of serving everyone from, when you think about it, as sergeant in Vietnam to a cabinet secretary. For those of you here who have been in public service, you understand, and I understand your mentality. It is about service. I am privileged to have done that. I am now, however, a private citizen, and I suspect we will have a little Q&A after all this, and the questions may not just be on the digital part of the world, so I look forward to the Q&A period as well.

This audience should know—and I said this earlier today—I am not going to replicate the speech, but the first country that recognized my new position as Assistant to the President for Homeland Security and actually sent an emissary to meet with me, was Canada. I have not forgotten that. I also have not forgotten that the individual who was sent to me was a man that I think Canadians admire as a political leader and as a businessman: John Manley.

John and I had the privilege of working on what we thought was a document of potential significance, a smart border accord, because we understood going in that the relationship, the commitment to democratic values, the economic relationship, was very, very important, and we needed to build a smart border. I was honoured to work with him on that.

I am honoured to have been born in the city of the Stanley Cup champions: Thank you very much, Pittsburgh, Pennsylvania! I am here to thank you for two great goal tenders, six or seven members of the team. We have got a guy on our team you may or may not know, but he is really good: Sidney Crosby. He is really good. As I said to the audience before, on a clear day in Erie County, where I live, on a beautiful, summer day, I can look from an elevation and see Long Point, Canada.

I am delighted to be with you for many, many reasons. I am grateful for the invitation and glad to be with my friends from Ridge Canada. I like that. I like being associated with you guys in this country, so I appreciate that very much.

The vantage point I have had in government is I try to distill to audiences what I think some of the most pressing 21st century challenges are which effect really dramatic changes in the global scene. The first is the scourge of terrorism. We are not going to talk about that, but this is a permanent condition from now on. It is a global scourge. It will move around the countries a little bit, but we should not be breathless about it. We ought to accept that, and some other time we can talk about that.

The other permanent change in how the world lives and operates and functions, which is both positive and potentially negative, is what I call the 'digital forevermore'. We are as hyper-connected today, but by 2020, there will be 50 million devices connected to the Internet. Think about that for a moment. How many times do you rely on the Internet during the day, and you just take it for granted it is there? It is like turning on the light. As users, as consumers, as business leaders, as government officials, we are all connected. That is really important to note, and that is really why I wanted to focus my remarks around what I call the digital forevermore.

If you take a look at the early '50s when they were beginning to build this little system, it was from our Department of Defense to multiple research universities. Fast forward to November of 2016: What an incredible digital ecosystem that we all have! It is interesting: The basic characteristics of the Internet and the system have not changed. It was designed to be an open system. That is good. It cannot be secured. That is bad. The ubiquity of the Internet is its strength. The ubiquity of the Internet is its weakness. There is so much promise in the Internet. I mean, if you are running a company, it improves your efficiency; it improves the supply chain, outreach and access to customers. Your suppliers, your profitability goes up. What is the peril? Well, if you have intellectual property and somebody else is interested, they might be able to access it through the Internet. If you have personal identification information of employees or customers, somebody might access it. We have got this extraordinary ecosystem that has enormous promise. Agriculture will be improved. Healthcare will be improved. Environment can be improved. The list goes on and on and on. That is the promise. I just think that it is important for countries to pay a little bit more attention—and companies—to the peril of operating in the digital forevermore.

The actors are well known to all of us, are they not? I mean, China has got my dossier. I was one of the 22 million people who had all kinds of personal information with the Office of Personnel Management. It is part of geopolitics these days as well. They have got a lot of trade secrets. They have got a lot of IP from some of our defenses. Organized crime has a lot of personal identification information they sell. There is a dark web. They sell it. They can use it, steal your identity, file a false tax return, do this, do that.

There are all kinds of uses for that information, whether you believe it or not.

You have the hackers. Who are the hackers? Well, you have got the nation states. You have got organized crime. Sometimes it is known and encouraged by the country; sometimes they cannot do anything about it, and they are indifferent, but it is out there. The primary culprits are China, Russia, Iran, and there are others because once you build that capacity inside your government, if you choose to use it to affect geopolitics, you can. We did with Stuxnet in Iran. Remember we set up the centrifuges, so we slowed down the Iranian nuclear program. We did not eliminate it. We slowed it down. Well, before that, Russia had used it, and China has used it, so the notion that somehow countries do not use access to critical infrastructure as part of their game plan, their game planning, their war planning, is wrong. Russia and China both in published materials, talk about that dimension of war.

When I was a soldier, it was air, land and sea. Then, we put somebody in space. Space became the fourth dimension of war. And five is the digital space. Should we be breathless about it? No, I say do not; it is just a reality. Accept it as it is. That is the point of the conversation I am having with you.

We know who the actors are. What do they hope to achieve? Espionage, economic espionage—it really undermines and has undermined. And it probably put some companies out of business.

You have got very strict IP; you better protect it. When you are looking at your own enterprise, you do not have to necessarily protect the whole thing, but if you have got some crown jewels there, you better make sure you have got a series of digital things you do to protect that IP. Of course, countries use it to spy. Espionage has been very much a part of the global community we work in.

I was over in China about a year a half ago, speaking to a cybersecurity conference, which is almost an oxymoron over there. When it was all over, I was invited to speak to the Minister of Information Security. I think that was the right title. I am very respectful. We are having this wonderful conversation. In the course of the conversation, he allowed that how pleasant the dialogue was between us. He said, "This is a very friendly conversation. Friends drink tea and enemies shoot at one another." I said, "Well, Minister, I have done both." We proceeded along the conversation, and then I got this straight-faced, inscrutable look, talking about all the false accusations that we are spying on you in America. I said, respectfully, to the minister, "We teach the history of one of your great military strategists, Sun Tzu, in our service academies. Sun Tzu, a millennium ago, said, 'It's the enlightened ruler and a brilliant general that gets as much information as they can to secure advantage on the battlefield.'" While we were having a conversation about cybersecurity, I said, "Let us just admit this:

We were looking over your digital shoulder; you are looking over our digital shoulder, and let us talk about some other things," which we did. We should not be so naïve to think that countries are not doing it all the time to each other. We are. Frankly, the fact that we used it as an attempt to affect policy, vis-à-vis Iran—it is not like America had done it first because Russia and others have been doing it. But it is part of the game we play. You have got espionage; you have got theft; you have got disruption. We know who the actors are. We know what the threats are.

What do we do when it comes to the business community? And this is not just Canadian business; I have said it to American businesses and businesses elsewhere: There is an old mindset, an old attitude, towards cybersecurity. One understands that you are vulnerable internally—not in terms of malfeasance by one of your employees; it just may be gross negligence. A couple of years ago, a company did a survey and found one of the groups most susceptible to the phishing are the CEOs and the executives in the companies. You have got that internal threat. It is interconnected to your suppliers and your customer base and everything else. You have third-party threats, so be mindful of that and understand if you have information of value inside your operation, in your enterprise, that may be of value to somebody else, and you better think about how you are going to protect it.

I think the mentality of the CEO used to be, really, "I've got a Chief Information Security Officer; I have a Chief Technology Officer; I'm going to let him or her take care of it." The new paradigm says, "Mr. President, Mr. Board of Directors, ultimately, you're going to be accountable if you're publicly trading. You've got shareholders; you've got employees; you've got people in the neighbourhood; you've got suppliers." It used to be, "We'll take care of it if something happens." We are in a reactive mode: "If something happens, we will figure out how to do it."

No, I think you are better in the preemptive mode, and you better lay out a strategy, a broader strategy. You might need some consulting. You may need monitoring. You need far more than firewalls. They are a thing of the past. They may be a part of the strategy. You probably need to think about getting some kind of vulnerability assessment, some kind of cyber insurance. You better be prepared, particularly, to accept the notion that if something occurs in Canada and in the United States, you are going to have to talk to regulators. You are going to have to talk to the media. You may have to talk to your shareholders. You may have to talk to your investors, so all this you better have at the ready and pray you never need it. You have got to change that mindset from, "We'll wait until it happens and figure it out," to, "It will happen, and when it does, this is what we're going to do." It has got to be an enterprise-wide effort.

A couple of final thoughts, and then I am sure you are much more interested in asking questions.

In the 20th century in Canada and in the United States, William Deming came up with something called 'total quality management'. It was an attitude to how you run your business. It was the governance group; the management; it was the employees; it was supply chain. Everybody that interacted within that enterprise had to take on that notion that every step on the way, we had to think about quality performance in order to have a quality service or a quality product because if there was a defect anyway along the way, we were not going to achieve what we want, and that is increased sales and a solid reputation in the marketplace.

I think the new mindset in the 21st century ought to take that mindset and start thinking about resiliency, resiliency inside the enterprise. Be as ready as you can. Understand the risks. Be as ready as you can, but, if something happens, you also have to be able to recover quickly and continue to do business.

Here is an interesting area where I think the governments and the private sector can cooperate. Just like getting information on a battlefield, if you are engaged in digital conflict, you would be best served—governments and companies would be best served—if they exchange information about breaches, the nature of the breaches, precursors to breaches, code and malware. They just would.

Finally, last year in the States, we convinced Congress—and President Obama signed it—to create a legal, safe harbour. For all the lawyers in the room understandably concerned about private business, and about telling the government that they have been breached and about the nature of the breach and about the regulatory hammer coming down on them, we created a safe harbour so you can share that information.

We are going to encourage you to share it. We are going to encourage the executive branch, pursuant to President Obama's executive order, to share that information down to the private sector. That is a real, that's a collaboration.

I say to the private sector—and I say this respectfully thinking of your government and mine—governments move at glacial-like speed. Actually, there are probably glaciers that move faster. When it comes to technology changes, hackers move faster than government. Technology changes more quickly than government.

Never expect the government can be smart enough to be prescribe enough to tell you everything to do at all times in order to reduce your risk of a cyber-attack because it cannot. It is really not its function.

Where the government can help is to help you build standards, share information. But you are really on your own. That is why I think if you are thinking of 21st century digital risk in this extraordinary, powerful ecosystem, you better think about what the risk is, how it relates to you, what technology you have, whether you are doing vulnerability assessments, whether you are monitoring, whether you are prepared for some economic loss with cyber insurance, whether you have a response and recovery. That is what you need to do. I think the companies that are prepared to do that, in time, will not only survive, they will flourish.

The last comment I will share with you is related to that. I was not necessarily a very good science student. That is probably why I ended up in the infantry. They would never put me in the core of engineers. I remember reading *On the Origin of Species*. I think that what he talked about in terms of the survival of the fittest has been misinterpreted over the years. If you read it, he did not really say that it is the strongest, the biggest and the fastest that survives. He said it is the species that adapts to *change* that survives. I think business has to be a lot more Darwinian: If you are going to succeed in the digital world, you have to adapt to that change. You may not like it, but it exists. You do not have to be breathless about it because you can manage that risk. It *can* be managed. It is a business risk. If you bring that mentality that there is a digital risk, like you bring it to supply chain risk, like you may bring it to the currency exchange risk, and you build resiliency in your enterprise, I think you are going to be fine. I think you are going to be fine. That is what I think the message should be: Accept the reality as it is and just simply manage the risk before it manages you. Businesses do it all the time. Just bring the same mindset of the risk of a digital attack as you do to all the other potential risks, and you will flourish. Hopefully, you will do more than survive. You will be a profitable enterprise that you want to be.

I think that concludes my remarks. I appreciate you not nodding to sleep during the course of time. It was a great lunch. Loved the dessert. There are no calories in the dessert, ladies. I tried it. It is really good. I am happy to have any Q&A that you want. Thank you very much.

Q: We had this election last week, the small election that some people may have heard of. I am interested in your perspective, as best as you can surmise, in a President Trump Administration—fast forward to three, four years: Is United States safer from cyberterrorism, or are they more at risk?

TR: I think there is a growing awareness within our business community of many of the elements that I talked to you about, about the need to understand the vulnerabilities, manage the risk, identify those critical pieces of their intellectual property, a network and system that needs to be protected by layering multiple defenses. The risk for cyber insurance is getting better in terms of building a response and recovery, so I think there is momentum notwithstanding government. Like I said before, if business waits on government to help them eliminate the risk, it will get there. It is slow. It is just not going to work that effectively.

What has happened is President Obama, in 2013, signed an executive order that said three things: One, we are going to have the National Institute of Standards and Technology (NIST) work for almost a year with our private businesses. We are trying to try to build a blueprint, an operational blueprint, to help them come up with basically a program how you identify the risk, how you manage that risk, and how you prepare to build that redundancy, that resiliency in the system.

The second thing that the executive order did was say to the federal government, "You, federal agencies, ought to be sharing information down either to those critical infrastructures." This is around critical infrastructure protection, energy, telecom, banking—the kind of enterprises that private companies own but that the Government of Canada or the Government of the United States needs in order to operate and to function. I said we need more information sharing and it was an initiative to encourage that.

The third thing that is really precious to me and to you, to Canada and the U.S.—so much so I also put an oversight board on it—is to make sure that as we go down that path we do not infringe on the privacy and civil liberties of our countries. I think that is really important.

None of us realize—you probably have no idea how much Google knows about you. I mean, you have no idea how much the private sector knows about you. One example—and it is a long-winded answer that I gave at a commencement speech at a law school a couple of years ago. A gift that I received from one of the graduates were four fascinating books. I love them. You know what? I did not pick them out.

I filled out a form with basic information about me and generic likes and dislikes. Every quarter, for a year, I got a new novel. If I had have gone through Barnes & Noble or a bookstore, I would not have selected those books. They were terrific. *Broken*, was one of them. I do not know if you read the book. I am saying there is a lot of information out there about you. If you take that information that the private sector has, and if you ever put it in the hands of government, and you put it together, it is a treasure trove of only a dark imagination can take you down the wrong street. I think the fact is that with democracy, while we want to balance security, we have to balance it against privacy. That requires vigilance of you and me and everybody else privileged to live in a democratic country.

Q: Governor, thank you for coming. My name is Stewart Tate. Fascinating: I was reading your bio before I came to refresh my memory of what you have accomplished in your life, and I wanted to go back to bed and pout for a while because I am far, far from that.

With the U.S. election that just happened, with the election and allegations that Russia was influencing, you have Assange, and you have Snowden. Are guys like Assange and Snowden criminals? Are they canaries in the coalmine warning us of dangers ahead? If Russia is not punished for what they have done or alleged to

have done, what is to stop China or Iran in four years' time to influence an election again in the United States of America? There has to be, I would think, a dire penalty to those countries, economically, because it is almost like it is constant warfare now, from what you are saying, in that fifth dimension, so there has to be casualties in that battle. How are these countries deterred from doing this again?

PF: To repeat the question, for those who may not have heard, the first, I believe, was the question about Julian Assange and Edward Snowden. Do you consider them criminals?

TR: The answer is yes, no amnesty. They are. Next question.

PR: **Okay, that was easy.**

The other one was about what Russia and the tampering and the hacking. If they are not punished, does it send the wrong message to China and other countries?

TR: First of all, you have no idea the damage that Snowden did to my country. Believe it or not, no pardon. If he wants to live in Russia for the rest of his life, I am perfectly content. May he live there forever. Very good question. Very good question.

Let us talk about physical warfare and cyber warfare because they are able and have done both. One, they challenge is confronting a nation state that engages in cyber warfare. We have that technology. Technically, we can attribute the attack to them, but how do you hold them accountable unless you do the same thing? I suspect that we have offensive capabilities, and I am not going to project what we may be doing privately. That is not necessarily out for the world to see. I remember when North Korea hacked into Sony. If I had been president, I would have loved to have my kick people come in and say, "Here's what we've got to do." They hacked into Sony. Who cares? It was a stupid move anyway, in my point of view, but they hacked into an American company. When a leader opens up his laptop, and he clicks it, what I want you do is to have him see first thing the American flag waving and "The Star-Spangled Banner" behind. We know who you are. We know where you are. We know how to get to you, so knock it off.

The physical side is much more difficult. I do not know where this administration is going to go with Russia, but I am going to give you Tom Ridge's impression of Putin in Russia, and I do not pretend to be a foreign policy expert, but I did just come back from a week in Ukraine. They have got a war going on over there. They are not just in Crimea; they are up in the eastern section of Ukraine. They have got separatists. They have literally built World War I trenches in part of their place to build part of their defensive system. Here is what is going on when I take a look at Russia.

The first time a country has invaded another country, a sovereign since World War II, NATO and the U.S., condemned it. I just do not think that made much of an impression. We had the opportunity congressionally authorized $500 million worth of lethal weapons to Russia. President Obama did not sign. It is there. The law exists, but we have not sent it to them. By the way, they said, "We don't want your soldiers. Just send us the weapons. We'll defend ourselves." You have got that going on in Ukraine.

You saw how they were playing around a little bit in our election—cabinet and democrats. By the way, we work with a company that the Republican National Committee had on its website. There was one party that was hacked and there was one party that was not hacked. If you are worried about that, give me a call. I will put you in the space with this company. Another story. Look what he is doing in Syria. If you look at Ukraine and Syria, he has really exacerbated the tensions and the problems, and, yet, he finds himself masterfully inside trying to negotiate a settlement to problems he has created. I will bet it will be private, but his intelligence community—he will be playing around in the German and the French elections next year. A little disruption, a little chaos. I think we need to accept who he is. He is a wily, capable, strategist of evil. I do not know how you could possibly trust this guy. He runs a very repressive government. I am not saying you have got to go to work. We are not talking about military action, but we are talking about the western world standing up to blatant aggression, and we have not done it.

Madeleine Albright, former Secretary of State, wrote a beautiful book about when she was from birth to like 11 or 12 years old, but during the period when Russians were saying, "We've got to go into Czechoslovakia because they're intimidating and repressing German-speaking people," Neville Chamberlain said, "We don't want to get in the war. We don't want to do this," and he let them have Czechoslovakia. You listen to Putin in Crimea: "We've got to go in Crimea. We've been there before the Russian-speaking people and they're being oppressed"—which they were not, by the way. I think the world has to move and understand that he is a leader of a sovereign country. They have to understand where he is coming from, and I think you have to be very cautious before you…caveat emptor. Sorry for the long-winded answer. I think we just have to be very careful. His intentions. I think you can derive what he is trying to do by some of these very strategic acts that he has taken in different parts of the world. He said the worst thing that happened to his country was the breakup of the Soviet Union. If he could put it back together bit by bit, he would try to do it—that is if he can do it peacefully with people ignoring his modest aggression. I am not. Crimea has lost so many people. About 1.5 million people have left Crimea.

By the way, to credit the Ukrainian government, they did not need a government program. They have all been repatriated among their fellow countrymen. Pretty remarkable thing. I think they have got to be careful in terms of the President-elect's relationship with Putin. I do not know what it is going to be, and I am not going to prejudge. I just think he has to proceed carefully. Sorry for the long-winded answer, but it is about global engagement and global leadership and global response to aggression. I just think if you let aggression keep moving, they will move until you stop them. I am not saying you need military, but squeeze those sanctions. It might be a big stronger message.

Q: Thank you for being here. My name is Carolyn Cole. Do you anticipate, in the near future, financial institutions to require businesses, who may be at risk of cyber breaches, as part of their term sheets before they advance loans? Will they be required to disclose before they get insurance for loans?

TR: I think they ought to be required to buy it from Ridge Canada. That is another story. I think it is a really good question. Let me just tell you what is going on in the States. The regulators have taken a very aggressive attitude toward companies that they have concluded may have been breached.

There has been no information exfiltrated. They are finding them significantly. The State of New York has some very extensive regulations overseeing the financial institutions in the state—those under the state regulatory agency requiring audits and the like.

I think it is conceivable, in the foreseeable future. I am only going to talk about my own country. Given the way the SEC, the Securities and Exchange Commission, is moving, given the way some of the state regulators are moving, they may require digital audits. Its government means well, but digital audit is not like a financial— you could get a clean digital audit today and be in the soup tomorrow. You could get a clean fiscal audit, but it may take you a couple of quarters to get back in the soup. I think there is a trend to more oversight, and whether it is reduced, it goes down to a mandate down the road, I do not know. I am very wary of it.

That is why I say governments are going to be punitive. They are going to act after the fact. The focus should be on the front end. Understand the risk; prepare for the risk; insure against the risk; monitor your website. That is where governments should be, frankly. They should be providing more incentives and more encouragement than just regulatory penalties.

Note of Appreciation, by Sean Murphy, President, Lloyd's Canada Inc.

Governor Ridge, first and foremost, I would like to express, on behalf of the people here in attendance and myself, our thanks for your insightful remarks. This has been my third opportunity to hear you speak. Each one of them has been extremely captivating.

There is no doubt that the nature of risk is ever-changing. We must identify those risks in our respective firms to protect and defend against them. In terms of cyber, the risk gets greater each day. Your comments of the past that the digital sun is not going to set and is just going to get hotter continues to resonate in my mind. I know you are excited about your new venture in Canada. I am confident that Ridge Canada will support companies in their efforts to prepare, protect in today's ever-changing cyber-landscape.

Thank you for taking the time to share your thoughts with us, and I wish you continued success.

Concluding Remarks, by Paul Fogolin

A sincere thank you, once again, to our two event sponsors, Kroll and Lloyd's Canada, for making this event possible. We just simply could not host these lunches without the support of our generous sponsors. Thank you once again.

I would also like to thank the *National Post*, our official print media sponsor, and Rogers TV, who is our local broadcaster. I would also like to thank mediaevents.ca, Canada's online space for live webcasting today's broadcast to thousands of people worldwide.

Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, do follow us on Twitter at @Empire_Club, and visit us online at our website, empireclub.org. We have Facebook and LinkedIn pages as well.

Finally, please, join us again. Our next speaker at the Club is the Honourable Glenn Thibeault, the Minister for Energy for Ontario. He is with us on November the 28th.

Thank you so much for attending. This meeting is now adjourned. Enjoy the rest of your day.

The Empire Club Presents

THE HONOURABLE GLENN THIBEAULT

MINISTER OF ENERGY, ONTARIO

November 28, 2016

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us, either through our webcast or our podcast, welcome to the meeting. Before our distinguished speaker is introduced, it gives me great pleasure to introduce our Head

Table Guests. I would ask that each of you rise to be acknowledged as I call your name.

Typically, the master of ceremonies says hold your applause until everybody has stood, but we have not been doing that this year, so clap as much as you possibly can for each of our Head Table Guests. We are doing things differently.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Glenn Thibeault, Minister of Energy, Ontario

Guests:

Mr. Chris Benedetti, Principal, Sussex Strategy Group; Director, Empire Club of Canada

Mr. Mike Gallagher, Business Manager, the International Union of Operating Engineers, Local 793; Chair, Renewable Energy Alliance of Ontario

Mr. Mark Isherwood, Vice President, In-Franchise Sales, Marketing and Customer Care, Union Gas

Mr. John Peevers, Manager, Investor and Media Relations, Bruce Power

Mr. Tim Smitheman, Manager, Government Affairs, Union Gas Limited; Second Vice President, Empire Club of Canada

Ms. Sue VanderBent, CEO, Home Care Ontario; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President of the Empire Club of Canada this year. Ladies and gentlemen, your Head Table.

Before I introduce our speaker, I do want to acknowledge we have a past president of the Club with us today, Mr. John Campion. And I would like to personally thank each and every one of you for attending today. This is our largest gathering of the year, so give yourselves a hand.

At this podium, in 2006, Peter F. Love, who is the former Ontario Chief Energy Conservation Officer, had this to say, and I quote, "Most of us, for all our lives, have taken electricity for granted. With the flip of one switch, it lights our home, cooks our food and washes our clothes. With the flip of another switch, it powers industry and businesses. Flip still another, and our hospitals care for the sick and bring our children into the world." In this sphere of provincial, political priorities, history shows us that issues like education and healthcare typically dominate the conversation. Well, it is 2016, and we are doing things differently this year. It is certainly not the case. Energy is the issue of the day. You cannot flip on a TV or check your newsfeed without hearing terms like 'smart metre', 'off-peak hours' and, of course, the ubiquitous 'hydro bills'. In fact, the recently released NanoSurvey said hydro is the most important issue for over 20% of Ontario voters, eclipsing perennial priorities: Healthcare at 15% and job and the economy at 10%. In light of this, we are truly privileged, today, to have with us, in this time in history, the man closest to the issue that matters the most to Ontarians.

Minister Glenn Thibeault brings a strong sense of consumer interest and a unique northern perspective to the portfolio of Energy Minister. Although he is relatively new, the Minister has already made it a priority to protect ratepayer interests, including by taking action by removing the HST from consumer hydro bills.

Minister Thibeault faces the ambitious challenge of reducing hydro costs while simultaneously implementing, along with his colleagues, the province's Climate Change Action Plan.

The Minister is currently traveling the province consulting Ontarians on the long-term energy plan. Now is an ideal time to hear not only about the challenges, but the exciting new opportunities before us to shape how we use energy and realize advancements in technology and innovation in the sector.

Glenn Thibeault was first elected to the Ontario legislature in 2015 as the MPP for Sudbury. Before entering provincial politics, Thibeault was the MP for Sudbury. He is a strong advocate for supports for persons with developmental disabilities and for quality services for families struggling with autism.

As a Director of the United Way, he led many successful campaigns in support of community development. He has also been a volunteer with Big Brothers and Big Sisters, as well as with minor hockey and football leagues. Thibeault was born and raised in Sudbury and is a graduate of Cambrian College. He lives in Sudbury with his wife, Yolanda, and two daughters.

Ladies and gentlemen, please, join me in providing a very generous welcome to our guest of honour, Mr. Glenn Thibeault, Minister of Energy.

The Honourable Glenn Thibeault

Thanks, Paul, for that kind introduction. It was great to be able to sit at a table where we could talk about the Leafs and no one make fun of me. That was kind of nice.

It truly is my privilege to address one of Canada's oldest and most versatile speakers' forums, and to be in the same room as so many of our province's environmental business and, of course, energy leaders. Your dedication to excellence has made Ontario a global trailblazer in innovation and technological advancement. Your leadership is central to an energy system that drives our economy and creates jobs.

I also want to begin by acknowledging that we are on the traditional territories of several Indigenous nations by showing respect for the long history and many contributions of Indigenous peoples in Ontario, with special acknowledgement of the Mississaugas of the New Credit First Nation.

It has been just over five months since I was appointed Ontario's new Minister of Energy. After many months of meetings, tours of generating stations, a visit to the grid control centre, policy briefings, Indigenous engagements, cabinet meetings, and conversations with everyday Ontarians, I have really come to respect the enormous complexity of the energy and electricity system in Ontario.

I am impressed with the level of hard work and innovation that is occurring each and every day in this sector.

The research and development that is improving the strength and reliability of our system is remarkable. As many of you know, Ontario is home to many innovative thinkers and actors in the energy sector. We really do have so much to be proud of. But, as we look to the next decade, we need to ask ourselves some fundamental questions. How will distributed generation, net metering, increased electrification storage technologies, and enhanced intergovernmental coordination on carbon pricing come to impact the electricity system in the coming decades? Those are the questions this industry will be challenged with on the road ahead.

But with challenge comes opportunity—the opportunity to innovate, the opportunity to find value for ratepayers and shareholders alike, the opportunity to evolve and adapt our electricity system to deliver new products and services that customers, homeowners, as well as the industry expect.

I truly believe that we are on the cusp of great change for Canada's energy systems, and I am excited about what the future will bring. With the release of the IESO's first Ontario Planning Outlook, the OPO, in September, we know that Ontario will be in a robust electricity supply situation for the years ahead. The Ministry of Energy is presently in the midst of one of the most comprehensive public consultations Ontario has ever run, seeking feedback from stakeholders and communities towards a renewed long-term energy plan.

I would like to spend my time with you this afternoon to share some of the early thoughts, ideas and learnings from the consultations and conversations happening across the province and give you a sense of what I think the future holds.

To begin, it is clear to me that the nature and style of our procurement model needs review. Upon taking this office, I was interested to learn that our previous procurements were essentially segmented into technology-specific allotments. In this day and age with the level of innovation, pace of technological change, as well as the clear benefit to ratepayers from competitively procured resources, it is essential that we begin moving towards more technology-agnostic procurements. Too often we have sought to impose strict requirements on the system operator. Rather, as we seek to undertake future procurements, we should be focused on outcomes rather than contracting with specific technologies. Moving to become technology-agnostic will provide new opportunities for innovation and modernization. We must unleash the electricity sector and our system operator to find the appropriate mix to fulfill a capacity auction that would ensure ratepayers receive the best possible prices.

Adopting this kind of approach will allow government policymakers to set high-level principles and priorities, such as carbon neutrality and avoid forcing specific supply mix choices.

It is, without question, that our government values the clean, green, renewable energy sector, and the contribution that firms have made to our domestic economy and job creation. But allocating the precise mix of technology types has largely been arbitrary and led to sub-optimal citings, uncompetitive prices and heightened community concern. What is more is I recognize that with the pace of technological change happening today, future capacity needs can and will be met by competitively priced innovations, like demand response, storage, and other conservation programs. Adopting a technology-neutral stance will allow the IESO to take advantage of cutting-edge innovations and engineering solutions that Ontario firms are engaged in today. It will help them make the leap to become global energy and electricity players. Adopting a technology-neutral stance will also allow Ontario to fully optimize existing resources. We have invested in a significant array of wind, solar, natural gas, and hydro-electricity resources, which represents billions of dollars in invested capital across the province.

As the contracts for these facilities come to an end, they will help form the foundation of a new, competitive market. As we begin to build the blueprints for the new energy future in Ontario, the Ministry of Energy and our partner agencies recognize that we have a heck of a long way to go in creating this new, adaptive market, and we will be looking to work with each of you to get it done.

This brings me to my second key observation to share with you today: The overarching need for wholesale market renewal. Ontario's hybrid electricity sector contains a mix of competitive, contracted and even rate-regulated generation resources. With the vast majority of our supply mix secured, we acknowledge that future capacity procurements will be seeking to secure supply on the margins. Ontario's current market mechanism served our province well for years, but they have not kept pace with our evolving supply mix, nor has it kept pace with our neighbours. The time is right for changes to IESO's wholesale market with a period of robust supply ahead of us and a growing global movement towards a low-carbon economy.

To that end, the IESO has already started their stakeholder engagement strategy on market renewal. The success of this market evolution hinges on your participation, on your advice, and on your expertise. Many of you participated in similar energy markets across the globe and can help the Ministry of Energy ensure that even as we evolve our market, we recognize the unique characteristics of the Ontario system always with an eye on reducing costs and ensuring a robust supply of clean power.

We will not be able to implement a carbon copy of the electricity market that exists today in the PJM or in California or in New York, but, rather, we will evolve our market while paying close attention to local needs and policy objectives with a made-in-Ontario approach. Market participants that have become used to a particular style or format of contracting will need to evolve their thinking, but those are challenges that require collaborative solutions, not obstacles that create insurmountable barriers to implementation.

If appropriately designed, an adaptive energy market has the power to remove inefficiency from the existing market, offer increased transparency to generators, enhance the opportunity for innovative new entrants, and, most importantly, for our government, to help drive the competitive tension necessary to reduce electricity costs. In fact, a 2014 study by the IESO indicated that by evolving our procurement methods to a capacity auction mechanism could provide about $300 million in annual savings. We have seen that success in other markets. Jurisdictions who have made the sort of market transition that we are envisioning, have achieved upwards of 8% in savings in production costs, directly reducing the monthly bills of consumers. I see this reform as another key action that our government will support to remove costs from the electricity system in both the short- and long-term.

Over the past several years, both my predecessor and I have focused closely on the need to root out unnecessary costs and drive down prices for consumers wherever possible. From the renegotiation of the Samsung agreement to the FIT prices review, to the recent suspension of the LRP II and the announcement of an electricity trade agreement with Québec, we have seen a measurable reduction in prices for consumers and system costs. The IESO's Market Renewal Working Group is hard at it and will be providing the Ministry of Energy with a more complete benefits case in early 2017.

But I want to be clear. My point here this afternoon is to add my voice and that of our government to this important undertaking. Not only must we endorse the goals of market renewal, but embrace them as the effective next steps in Ontario's wholesale market evolution and a key driver of cost containment in this sector. This reform will play a key part of achieving the goal of continued bending in the cost curve.

Finally, the third core focus that I would like to discuss today for the upcoming long-term energy plan is the need for the empowerment of consumers in Ontario's electricity system. Driven by the introduction of new, disruptive technologies as well as increased customer awareness, the traditional electricity utilities customer commodity dynamic is poised for a major and a needed upheaval. In fact, looking at current trends, consumers will demand it. I am not telling anyone in this room anything that you do not already know, but we must acknowledge that consumers are expecting a higher degree of functionality and product offerings across all sectors, or, sooner or later, the electricity utility must develop to keep pace. As we consider the impact of net metering, personal home storage and increased electric vehicle penetration into the marketplace, the traditional poles and wires business will need to adapt to offer better products to those customers. And those who do not ought to face increased competition from new entrants, nimble service providers and perhaps even other LDCs. Driven by these customer demands, a fundamental rethink of the core regulated business will also be required. Our smart grid, our regulators and our utilities should work together to enable alternative pricing plans for customers of various circumstances.

In this day and age, it is hard to believe that the young professional condo dweller in Mississauga is on the same pricing plan as the retired couple living in a bungalow in Sudbury. That is really quite astounding. These consumers can opt in for different telephone, cable and internet services, tailored to their personal circumstances and preferences, and yet, they remain effectively on the same retail price plan for home electricity consumption. Certainly, there will always be fixed costs that need to be taken into account to maintain a reliable system, and we cannot rush forward, potentially stranding customers and assets in precarious circumstances. Much like the telecommunication utilities that they were facing with similar headwinds in the mid-1980s, electrical utilities the world over have tremendous opportunity to change, adapt and offer new and exciting products and services to meet the unique needs of their customers. While certainly existing local distribution companies will have an inherited advantage over new entrants, the system as it stands today should not be considered sacrosanct. New entrants and competitive tension ought to be encouraged and rewarded, not stifled or excluded. Throughout all of this, the leadership of the Ontario Energy Board will be essential to managing this evolution. Innovation must be incentivized, and new regulatory mechanisms considered, but at no point can we ignore the care and protection of customers. That is why I am pleased the OEB has already launched their Regulated Price Plan Roadmap project to work with utilities and new entrants to set out the regulatory regime of the future.

Pricing pilots are being encouraged and will be in the market next year with outcomes focused on developing a more adaptive and nimble regulatory vehicle for the years ahead. Much like the work the IESO will undertake pertaining to market renewal, the OEB will need the sector's advice, support and ideas to ensure that the RPP Roadmap project is a success.

Ontario's electricity sector is at an inflexion point. As a sector, we are being challenged with fundamental questions. We can continue to procure capacity using systems designed in a previous century, or we can adapt to meet the dynamic needs of the future. We can cling to a decades-old utility model, or we can offer consumers the exciting new products and services they expect and deserve.

We can embrace change, and, at the same time, take care to preserve the strengths of Ontario's system, but we must acknowledge that this evolution will be disruptive and dynamic in its process.

Just over five months ago, Premier Wynne provided me with the incredible and formidable challenge to serve as Ontario's new Minister of Energy. As I have grown to understand this portfolio and the important role that each of you play in Ontario's electricity sector, I am even more excited today than I was the day the premier called me to invite me to join her cabinet. I am excited about the opportunity that we face building the 2017 long-term energy plan. I am excited to set the framework for a renewed and reformed market with enhanced competitive procurements. I am actually excited at the opportunity we have to enable enhanced and customer engagement and choice.

Many of you have spent a lifetime, your careers, in the energy or electricity sector. You have seen change, and you have adapted before. While the pace and scope of change that we are embarking on may be different today, driven by new technologies and ideas, it will fundamentally come down to our ability to work together. Collaboration, communication and consultation will define our approach, but changes are coming, and we need to work together to get this right.

Thank you everyone for your attention and thank you for letting me speak to you this afternoon.

Note of Appreciation, by Mark Isherwood, Vice President, In-Franchise Sales, Marketing and Customer Care, Union Gas

On behalf of Union Gas and everybody gathered here today, I would like to thank Minister Thibeault for his remarks today. We clearly have a better appreciation for the challenges and opportunities that we have going forward. We thank you for sharing your key areas of focus, and I think we all agree that we are at a critical point on reflection.

It has been a pleasure to get to know you better since you have been appointed and named Energy Minister this past June. I am sure you would agree that the portfolio can be very challenging at times, just a little challenging, but it is an area that we are all, in this room, deeply entrusted in. We found that you approach your job with an open mind and great understanding of energy, specifically, the need for affordable energy as it contributes to economic growth and also the quality of life in communities across Ontario. I am sure much of that understanding comes from you being a northerner where the topic of energy is a common dinnertime topic in most family homes. Minister, we want you to know that Union Gas will continue to offer you our support and our best counsel as you and your Ministry help Ontario go toward a low carbon future. We know that our people and our future in our energy solutions we deliver have an important role to play in the future, and we look forward to making that a reality with your Ministry. Thank you, again, for your comments.

Concluding Remarks, by Paul Fogolin

Once again, I want to give a sincere thank you to Union Gas as our lead sponsor for the event as well as Bruce Power, our secondary sponsor, and the Renewable Energy Alliance of Ontario as our VIP sponsor. Without sponsors, we just simply could not hold lunches like this. It is a not-for-profit club, and we really rely on our sponsors. Please, join me in giving them up.

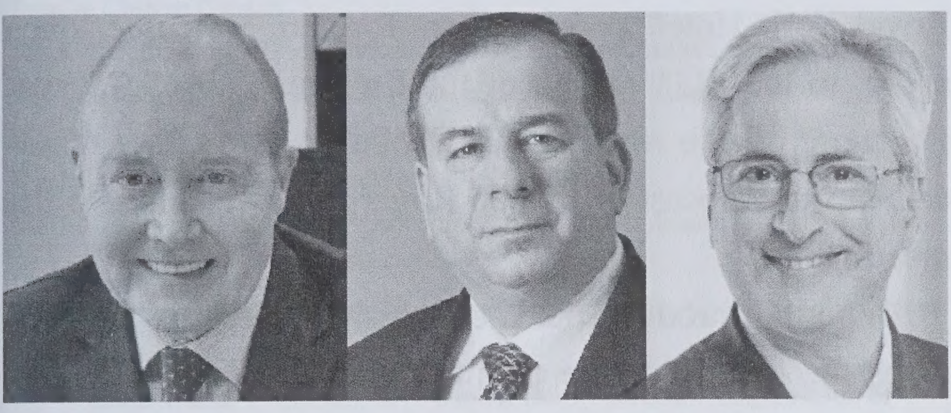
We would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event on Facebook and on our website to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century, and we are active on social media. Please, follow us on Twitter and Instagram, or check us out at our website www.empireclub.org.

Finally, please, join us on January 5th. We are having our Annual Investment Outlook lunch at the Royal York. It is an annual event. It is always one of the most looked forward to event of the season.

Thank you, once again, for coming today. Enjoy the rest of your afternoon.

The Empire Club Presents



THE 2017 ANNUAL INVESTMENT OUTLOOK

FEATURING:
IAN RUSSELL, DAVID ROSENBERG, AND JONATHAN LEWIS

January 5, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

I hope you all enjoyed your lunch. From the Fairmont Royal York Hotel in downtown Toronto, welcome, once again, to the 113th season of the Empire Club of Canada. For those of you who are just joining us through our podcast or our webcast or live on Rogers TV, welcome, to the meeting.

Before I introduce our distinguished speakers today, it gives me great pleasure to introduce our many Head Table Guests. Typically, I encourage the audience to clap as people stand, but because we have so many today, please, refrain from applauding until I have announced all our Head Table Guests.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Jonathan Lewis, Chief Investment Officer, Fiera Capital

Mr. David Rosenberg, Chief Economist, Gluskin Sheff + Associates Inc.

Mr. Ian Russell, President and Chief Executive Officer, Investment Industry Association of Canada

Guests:

Mr. Nick Barisheff, President and Chief Executive Officer, Bullion Management Group Inc.

Ms. Georgina Blanas, Executive Director, Private Capital Markets Association of Canada (PCMA)

Mr. David Brown, Partner, WeirFoulds LLP

Mr. Rory Cattanach, Partner, Wildeboer Dellelce LLP

Ms. Vivien Clubb, President, Providential Pictures Inc.

Mr. Rob Cook, Senior Vice President, Market Development, Canadian Securities Exchange

Mr. Kelsey Gunderson, Co-Head of Equity Products, BMO Capital Markets

Mr. Joe Hinzer, President, Watts, Griffis and McOuat Limited

Ms. Amber Kanwar, Anchor and Reporter, Business News Network; Director, Empire Club of Canada
Mr. Raj Kothari, Managing Partner, PricewaterhouseCoopers LLP, Canada
Ms. Sue Lemon, Chief Executive Officer, CFA Society Toronto
Mr. Don Ludlow, President, Treble Victor Group
Mr. Bill Packham, Chairman, QTrade Financial Group
Mr. Bob Schafer, President, Prospectors & Developers Association of Canada (PDAC)
Ms. Verity Sylvester, Vice President, Corporate Accounts, CMC+CO; Past President, Empire Club of Canada
Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

Finally, my name, once again, is Paul Fogolin. For my day job, I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada.

Ladies and gentlemen, our Head Table Guests.

I would also like to point out that we have a student table. Some students from Centennial College's business school are with us. Let us give a hand to our student table.

One of my New Year's resolutions this year was to take a more strategic approach to investing, so I hired a new financial advisor, and I asked him, "Where should I invest my money?" He said, "Put it on booze. Where else can you get 40%?" Last joke, I promise.

Whether markets are roaring ahead or they are tumbling off a cliff, good, solid advice is essential. It is what is needed to restrain the euphoria or to soothe the panic attack that can be associated with investing.

Benjamin Franklin once said, "An investment in knowledge pays the best interest." Well, I have good news for everybody here today. We are tremendously privileged to have three very knowledgeable speakers, business leaders who are going to share with us their insights and perspectives on the forces that will shape the investment community in 2017.

Ian Russell is the President and Chief Executive Officer of the Investment Industry Association of Canada, a position he has held since its inauguration in April of 2006. Prior to his appointment at the IIAC, Mr. Russell was SVP of Industry Relations and Representation at the Investment Dealers Association of Canada. He is a frequent commentator in the media, a regular columnist in industry publications and a sought-after speaker on industry issues and developments.

In January of 2014, Mr. Russell was appointed Chair of the International Council of Securities Associations, the first Canadian to do so in 20 years.

Next, we have David Rosenberg. David is the Chief Economist and Strategist at Gluskin Sheff. Prior to joining Gluskin Sheff in the spring of 2009, Mr. Rosenberg was Chief North American Economist at Merrill Lynch in New York for seven years, during which he was consistently ranked in the Institutional Investor All-Star Analyst rankings. Prior to that, he was the Chief Economist and Strategist for Merrill Lynch Canada.

Mr. Rosenberg is also the author of *Breakfast with Dave*, a daily distillation of his economic and financial insights.

Last, but certainly not least, we have Jonathan E. Lewis. He is the Chief Investment Officer for Fiera Capital's U.S. Division. He chairs the Fixed Income Investment Committee and is a member of the Management and Tactical Asset Allocation Committee. Jonathan manages fixed income portfolios for high net worth individuals and institutions and is lead manager for Fiera Capital STRONG Nations Currency Fund. Prior to its acquisition by Fiera Capital, Jonathan was Co-Founder, Chief Investment Officer, and Managing Principal of Samson Capital Advisors LLC. He is also the author of a book called *Spy Capitalism.* Ladies and gentlemen, please, give a round of applause for our speakers today.Our format is going to be a little different than when we have multiple speakers. I am going to invite each speaker up, actually, one by one, to address us. It is not because they do not get along, but that is just how we are doing it today. First, I would like to invite Mr. Ian Russell to the podium.

Ian Russell

Thank you, Paul. Good afternoon, ladies and gentlemen. I am delighted to join you here this afternoon for the Empire Club's Annual Investment Outlook Luncheon. For the past five years, the Investment Industry Association of Canada has polled its CEOs of our 132 investment dealer firms. Our aim was to obtain an up-to-date snapshot of executive thinking on economic and financial market trends. These trends have provided the insights on the outlook for advice, for securities trading and for investment banking in the securities industry. We asked executives to identify the business challenges and the opportunities they foresee in the year ahead. The real questions on everyone's minds are, "Will we simply see just another year of mediocre performance in the industry?" and "Will improving business conditions actually enable the industry and its member firms to break out of the doldrums and move to new highs?"

The 2016 survey was conducted last year from November 3rd to November 25th. The survey coincided with the outcome of the U.S. election, and, as a result, responses to the survey questions were influenced by the positive market tone that emanated from the election outcome; for example, by early December, U.S. stock market indices had moved to record levels and the TSX was approaching an all-time high. Stock market performance, of course, is no guarantee of reality. However, there is a reasonable expectation that economic momentum will strengthen this year if Congress pushes through some of the proposals of President-Elect Trump—notably cuts to personal, corporate and investment taxes as well as increases in infrastructure, spending—and moves into the area of deregulation.

This general optimism, post-U.S. election, may explain why the majority of CEOs in the survey felt less vulnerable to a major external shock that could affect financial markets. Of the survey respondents that did feel vulnerable to an economic shock, 44% or nearly half those surveyed pointed to a domestic concern, a housing market correction; 33% highlighted geopolitical uncertainty; and only 22% pointed to a sovereign debt crisis as the most likely shock.

Recent economic and financial and political events in Europe certainly suggest that a more cautious optimism is warranted with the possibility of an external shock.

The resignation of Italian Prime Minister Renzi, following the Italian constitutional referendum, could open the door for more anti-EU parties to form the next Italian government. This, along with the Brexit negotiations and impending elections in France and Germany, could lead to more volatile and unsettled global markets. And, indeed, another financial crisis could be lurking around the corner.

While executives were less concerned about the impact of a major shock to the market, they nonetheless recognized the industry will continue to undergo massive structural change for the demographic, competitive, regulatory and technological changes sweeping through the industry.

We asked Canadian CEOs, "What are the major trends transforming the investment industry?” And they answered pretty much as we expected: Regulatory changes, intense business competition, the weakness in commodities markets, demographics and technology. Even though these trends are considered significant and may have negative consequences from the needed investment and changes to business models—especially over the shorter run—many CEOs had taken a positive view on the revenue outlook for this year. The majority of CEOs expect their operating revenue to increase at a faster rate than in 2016. Thirty-five percent project operating revenue to grow roughly in line with 2016. And just 5% of CEOs expect their operating revenue to increase at a slower pace than last year.

The survey then went on to provide greater clarity on the outlook of the revenue components in the industry. The results indicated that CEOs expect the retail business will remain the largest and fastest-growing contributor to industry revenue this year. The large integrated firms, in particular, have invested heavily in their wealth management businesses, providing a wide array of financial products and services to improve earnings and return on equity. The retail business benefits from an ageing population. Demands for services, such as financial and estate planning, will continue to escalate.

Over the next decade, we will see the largest intergenerational wealth transfer in Canadian history, and the amount will grow even larger in subsequent decades. The investor profile is rapidly changing. The industry will have to adapt to a new generation of investors, the millennials, with their ever-increasing decision-making power and earnings capability. These investors are different from the baby boom investor, both in terms of their trust in the system, the weight given to loyalty, and their independence. Online investing has come to the fore in wealth management, reflecting technology advances and, indeed, its appeal to millennial investors. Industry executives, however, were split on the value of online investing to their clients.

Nearly half the survey respondents felt online advice was more helpful to smaller clients with limited resources. These clients deal mostly with the larger financial institutions rather than the independent investment dealer firms.

The next question we posed was, “Which best describes your attitude to robo-advisors or online advice?” Approximately two-thirds of the CEOs surveyed felt robo-advisors are likely to take away some business from full-service advisors, in effect, more complementary to the advisory business than substitutional. Forty percent felt that robo-advisors are important to build relationships with younger clients, and another 40% felt robo-advisors are helpful to service smaller clients.

There certainly will be greater customization of business models that cater to different segments of clientele, offering differing mixes of products and services and different types of online advice models—all delivered through advanced mobile client advisor interface and the use of social media. The goal is designed to retain existing and the more sophisticated clients as their needs change and beat the unprecedented demands of millennial investors and, as well, improve the cost-effective delivery of advice to smaller clients.

Now, that we have dealt with the questions related to the wealth management business, which is our largest business component, the survey turned to the weakest revenue contributor. We asked CEOs, “What will be the weakest revenue contributor for your firm in 2017?” And the vast majority said underwriting in debt securities.

This response obviously indicates a sea change in bond market sentiment.

Our next question was, “Do you anticipate investment banking activity this year to eclipse 2016-year levels, to remain near 2016 levels, or to fall below 2016 levels?” The majority answered in the positive, saying it would exceed last year’s level. This positive view mainly reflects the prospect of increased equity issuance from the growing optimism for a better economy, more buoyant stock markets, a lower cost of capital, and higher energy prices. Merger and acquisitions could also pick up this year with an improving outlook, particularly in the energy sector. Also, cross-border acquisitions could improve, given the prospects of a weaker Canadian dollar and improved corporate tax climate in the United States.

We also asked CEOs what they thought about equity financing prospects in the small cap private and public markets. We asked, “Do you think 2017 will be a strong year in the Canadian private equity market?” As you can see from the slide, the survey results were evenly split with 47% saying yes and 53% saying no. It is a surprising outcome, in fact, in view of the growing importance and the sophistication of Canadian private equity markets in recent years.

Over the last several years, the performance of the public venture markets has been nothing short of dismal. CEOs confirmed, in our survey, that these weak conditions are unlikely to change much this year—not a good sign for mid-sized companies needing capital to expand their businesses.

Let us move on to operating costs.

A big factor weighing down dealer performance, in recent years, has been the relentless rise in operating costs. As you see on the chart, the majority of CEOs reported that their operating costs have increased significantly in the past four years. Nearly half the CEOs surveyed anticipate their operating costs will actually increase at a faster rate in 2017, while another 40% expect operating costs to increase at least at the same rate this last year, with only 15% seeing the cost rising at a somewhat lower rate.

The next question was an obvious one: What was the top cost pressure facing their businesses? And the answer was not surprising. Seventy percent said it was compliance costs. The explanation can be traced to the significant ramping up in compliance requirements to meet an expanding securities rule book. Now, on to technology. New technology applications have been introduced in the last few years to strengthen the client-firm interface, improve account recordkeeping, facilitate trade execution and clearing in settlement, and meet compliance requirements. These services are delivered through in-house systems, through third-party service providers and through our carrying brokers. Sixty-five percent of the firms surveyed expect to spend more on technology in 2017 than 2016, and 35% expect to spend roughly the same.

We asked, "What is the main driver of this technology spend?" We were expecting firms to point to compliance requirements. What was most surprising is that 60% of the firms surveyed identified factors other than compliance. The majority of CEOs indicated that the technology spend was devoted to improvements in firm operating efficiency and defenses against cyber threats. Indeed, 60% said that they expect the technology spend in cyber security, in the next two years, to exceed the past two years. The financial industry is heavily targeted. They have seen 300% more cyber-attacks than other sectors. Our member firms have become increasingly aware of the scope and sophistication of cyber-attacks and the large reputational risks at play. Thirty percent of the firms indicated that the technology spend was mainly related to streamlining processes in the front and back offices of firms. Smaller firms have focused on these technology applications to reduce their costs and to compensate for the lack of scale.

Even with greater optimism about the coming years' prospects, we remain concerned that many small investment dealer firms will not benefit much from the improving outlook. As you know, the industry lost over 60 boutique firms since 2012, and another 50 firms in our industry are losing money—and many of them on a consistent basis. Roughly, one quarter of the small firms in the investment industry will continue to struggle from difficult competitive pressures and a steady escalation in fixed costs from technology and regulatory change. Many of these firms are likely to eventually merge with competing firms or simply close their doors. Our survey confirmed this conclusion. Fifty-five percent of the CEOs surveyed expect the number of firms exiting the industry, over the next two years, will be higher than those exiting in the past two years.

In closing, the IIAC CEO survey struck an optimistic chord this year as executives anticipate a year of stronger economic growth and improving equity market conditions. The optimism partly stems from the expected economic lift from the impending supply side policy changes, including lower taxes and deregulation from the new U.S. administration.

The wealth management business, the most steadily successful business line in the industry, is expected to benefit most from a strong economic and financial outlook. However, institutionally focused firms will also benefit in the coming year from better conditions in equity markets for new offerings, especially, large and mid-sized companies and stepped-up mergers and acquisitions.

We also observed that a core group of smaller firms, a critical mass of some 70–80 firms in the industry, have built strategic niche businesses, have cut operating costs to the bone, and have adapted technology effectively to compete and to compensate for their lack of scale. These firms have met the competitive and cost challenges in today's markets. The optimistic outlook for business conditions this year, from our survey results, will enable these smaller firms to go beyond just surviving a tough market, to actually improving earnings and returns, expanding operations, and contributing to a more competitive and diversified capital market in Canada. Thank you for your attention.

David Rosenberg

This is normally the moment where everybody heads to the bar, but there is not one, so you will have to stay seated. Happy New Year, everybody.

We heard a quote from Benjamin Franklin, so I am going to choose mine from the other mental giant, Yogi Berra, who famously said that making predictions is difficult, especially, when it comes to the future. I am going to refrain from embarrassing myself a year from now and giving any numerical predictions, but I will do this, in the name of humility and full disclosure, which is that when I was asked by Mr. White to address the crowd, back in July, I did not have this presentation. Hillary Clinton was ten points up in the poll, and that was the Fox poll, and I had a different slide deck entirely, but we had been dealt an entirely new deck. And let us face it: We cannot lift up the newspapers or watch the bubbleheads on television and not hear about Donald Trump. Of course, he has made an impact even before January the 20th. My forecast, actually for that day, is going to be extremely windy in Washington, so we had better make sure that hair sticks on pretty well.

Let us get into the story because it is a fascinating one.

I think that, in some sense, the markets have given us a bit of a gift because, whereas I would have thought that, initially, if the markets sold off on a Trump victory, I would have said maybe buy the market, but now the markets are rallying so much.

There is so much hope and faith and animal spirits quotes priced in that there might be an opportunity here to make some investments that might either ensure against the possibility or probability that he is going to end up over-promising and under-delivering.

We take a look, for example, at what happened in that period before the election. He is going to be a disaster; the polls are showing, post–Comey bombshell, that he could possibly win and the markets go down. And then he does win, and now he is a big miracle worker, and it is just a classic case: When you read economists, strategists, analysts, what they are doing is they are just fitting the narrative to the market action, and it is still early days.

Ronald Reagan also had a honeymoon period. Although, he had a phenomenal last six years to his presidency for the markets, the first two years were pretty rocky and included a recession, but the markets lay down their bets. This could be possibly fun. Since the election, the S&P 500 was up 6%; the Dow was up 12; the small-cap stocks love the infrastructure story, so they are up more like 16%. It is amazing that pretty well 80% of last year's rally really happened since November the 8th.

What really happened, fundamentally? Nothing, except Donald Trump got elected with the Republican Congress. A lot of people are comparing Trumponomics, Reaganomics. Reagan was the original Let's-Make-America-Great-Again. Of course, Trump borrowed that successfully. Is Reagan, Trump? Is that an appropriate comparison?

Reagan comes in: The funds rate is at 18%; Volcker was still raising rates but, ultimately, cut them to the bone. And, of course, that allowed for tremendous price-to-earnings multiple expansion. In fact, when we look fondly at the entire Reagan presidency, the stock market tripled, but profits only went up 50%. The market tripled because of the lower rates from the Fed triggering the P/E multiple expansion off an eight-level. Really, that whole rally was one-part earnings and four-part multiple expansion.

Where is the multiple expansion going to come from this time around, when Donald Trump, unfortunately, comes into power with the price-to-earnings multiple? Where do you look on a forward trading basis at its highest level in 15 years? That is point number one—the starting point of the multiple.

What about the Fed? Well, the Fed is not cutting rates anymore. They stopped QE in October 2014. They are out of that game, and they have raised rates twice already. They have already indicated they are going to raise rates probably at least three times base case. If they ultimately have to respond to whatever Trump does—which they have not yet because there is so much uncertainty, but the Fed told us in the minutes yesterday, that, "Look! It's classic Newtonian physics: Every action has an equal and opposite reaction. If we get the fiscal reflation—if that happens as planned—rates are going to go up." I will tell you right now that that is more important than deregulation, more important than capital repatriation from the locked-up earnings abroad, more important than corporate tax cuts. There is no president, no fiscal policy, no deregulation anywhere, anytime that influenced the contours of the business cycle as much as the Federal Reserve did. Every recession, every expansion had the Fed's thumbprints all over it. To take a look, historically, you will see that when the Fed hikes interest rates, ten of the 13 times post–World War II, we ended in a recession, that evil word, or we had a soft landing in the mid-'60s, mid-'80s, mid-'90s. But those soft landings happened three years into the expansion, not eight. It is something that you have to keep in the back of your mind. I am not calling for a recession, but I am saying that when the Fed embarks on a rate-hiking cycle, no matter what else is happening in the economy, stuff starts to happen. It is not going to happen in the next few months, but this will be a 2018 story that the market will start to price in, in the second half of 2017 if the Fed does more than expected. Make no mistake: They have already set their hiking rates three times this year. They probably have some remorse for getting scared in just moving once last year, and if Trump gets everything that he wants, they could hike rates every meeting this year, flatten the yield curve. Then we are into something altogether.

What about this inflation trade? Because all I hear about is inflation now, reflation? Trump is going to engineer inflation. Half of the run up in bond yields in the past couple of months has not been the term premium, which is normalized. It has not been real rates; it has been inflation expectations, interestingly enough. People seem to believe that one man, Donald Trump, one man in the Trump Tower, that one man is going to be able to do what Bernanke, Yellen, Carney, Draghi, Trichet, Kuroda—all these guys that actually control the printing presses—could not do. They believe that what they could not do, Trump will do. Trump will create the inflation. It is very difficult to create inflation from a deflation environment. The textbooks always had that and now we are living at it in reality, just like Japan has for 20 years.

Creating inflation is not easy. Bernanke told us in December 2013, three years ago, that he was committed to generating inflation. Guess what? Inflation, back then, was 1½% in the U.S. Today, it is 1½%. Not just that, but the only reason why inflation is 1½% is because of education, medical care and imputed rents. But the stuff you can see, touch and feel—the cyclical stuff, furniture, appliances, automotive—all of that stuff is still deflating incredibly.

After the greatest monetary experiment on record, zero rates for eight years, repeated quantitative easings, a tepid expansion, and here we are, and for the past nine months, and 43 of the past 44 months, the core goods CPI, the actual stuff that you can see and touch and feel is still deflating, but somehow that is going to turn around.

Now, take a look at consumer inflation expectations since the Trump election. Well, they are not fooled.

We already saw what happened overnight with the reports out of Macy's and Kohl's and Nordstrom and the massive discount the automakers had to put in to move all those cars off the lots. Great number, massive discounting. So, consumers are taking their inflation expectations down. In the NFIB survey—another survey—despite how optimistic everybody is, the grand total of 3% of small businesses actually see inflation as a problem. Yet, half the bond yield run-up has been triggered by bond traders in front of the Bloomberg machines thinking that inflation is going to go up because of Ronald Reagan. Well, I am telling you, as an economist: Impossible. The reason you want to listen to the economist is not just because we are a bunch of fun-loving guys but because they teach us in Economics 101 to draw supply and demand curves—in this case, aggregate demand, aggregate supply—and we focused on the output gap, which is the degree of excess capacity measured as a share of GDP, whether in the U.S., globally, Canada looks the same. When you are below the zero line, you are in excess supply of across the goods, services, labour market, and you are in deflation mode above the zero line inflation mode.

We are moving in the right direction—make no mistake—but it will take years and a lot of heavy lifting before we get above the zero line. When we do, guess what? I will be more than happy to change my view and my investor recommendations to reflect a truly, not just reflationary, but inflationary development.

What about that other four-letter-word, 'debt'? What is Trump going to do about this, because this has been the pervasive constraint, globally, including for Canada over the course of the past several years? This is the key constraint. It is not excessive regulation—oh, that dirty ten-letter word! It is not excessive taxation; although, the U.S. corporate tax code should be changed, no doubt about it. I think Trump, to a large extent, is focused on the wrong problems. Excessive debt. That is the problem.

In 2010, the McKinsey people put out this phenomenal report, understanding that what we had in our hands was the balance sheet recession that went viral and global; it was not a plain, vanilla recession. And they had ascertained, as they looked at the centuries of data and different countries, that on this sort of recession, a balance sheet recession, to get to the next sustainable stage of growth and inflation without the crutch of central banks, you need to de-lever. You have got to reboot the debt GDP ratio by 25%. We have to reboot that ratio and get it to more comfortable levels, and then we move on. That is an average. Average matches mass dispersion.

We know the Japanese experience. But here is the rub. When you take a look at every level of society, globally, households, companies, governments, that debt-to-GDP ratio never corrected the cycle. We are the same today as we were in 2007 at the peak of the last cycle. There is the U.S. There is China. China has got 6.7% growth that is all being fueled by credit. Here is Canada, courtesy of Ontario government and the mortgage market. Of course, CMHC just figured this out. The Bank of Canada's been talking about it for years that the Canadian all-economy debt ratio is 10 percentage points now above Italy. Okay, how proud are we of that?

Then we have Donald Trump coming in because he is not making his fiscal plan revenue neutral—because of course, he is the king of debt. Under his fiscal plan, and even with all the dynamic scoring, which is the multiplier impacts, the Republicans call it, the net debt ratio goes from 77% today to over 100% within the next decade. The reason why fiscal policy worked under Reagan was the starting point on the debt ratio was 30%, not 77%. This is what it looks like for the all-in debt ratio going forward under his policies. We do not ever take this ratio down to levels that will trigger what we need, which is sustainable growth. Do you not see that what I am saying is that his own policies are going to be self-defeating? Because he is going to add more debt to the national balance sheet, and that has been a pervasive constraint.

What about demographics? Look, we talked about central banks; we talked about deflation, not inflation. Demographics—and here is the reality: I wish Trump could make us all younger, and the reality is that he cannot. This is as important as the debt situation is, which is incredibly deflationary. My most conviction call is get the inflation off the brain. Anything going up because of inflation, reflation, take to the side of that trade for the year. We have this un-usual situation where, in the past year, the first of the baby boomers turned 70. That $80 million pig in the python in North America—that has driven everything in the past six decades, from capital markets to the economy and politics. Oh, by the way, Donald Trump is an early boomer. The first of the boomers turned 70 this past year, and 1½ million will turn 70 each of the next 15 years, which is why I call it the pig in the python. Understanding the demographics—this is very important, certainly for what we do at Gluskin Sheff, but also for everything you do, I guess, because I had David Foot as my advisor at the University of Toronto. And he famously said that 70% of everything comes down to demographics. He is not wrong. Why 70 years old is so important is because that is an inflexion point for the first time since you got your first job in your 20s. That is the age where you make most fundamental asset makeshift, where you shift out of equities and into bonds to get the cashflow. That is exactly what happens. This is going to be on a massive quantity for the next several years at a time when there is a dearth of government bonds, globally, giving you any coupon. Now, a lot of that is the deflation. A lot of it is the central banks. The big central banks have bought up what? Twelve trillion dollars' worth of government bonds.

They own a third of the government bond market. They are like the Hunt brothers of the 1970s in silver. A situation where, look at this chart: $24 trillion of bonds, globally, trade below 1%. How will you ever…? I mean, you are not going to get skim milk out of that. Seventy-five percent of the world's government bonds trades with a coupon less than 1%, and it is not going to change, because even as the Fed raises short-term rates, Janet Yellen has said we will continue to do what we can to ensure the long-term rates stay low.

Yes, we have had this back to the bond yields, a buying opportunity. This is like the eighth correction in the past decade. It is not the onset of a new bear market in bonds. Not at all. Our own Stephen Poloz had, I think, one of the best quotes that I have seen in the past few years in the speech he gave, "Living with Lower for Longer," back in September. And he said that some of the forces leading to low interest rates will persist for a long time, so we need to prepare for lower for longer. Individuals need to plan for retirement with different assumptions about longevity, interest rates and growth. I will tell you that whenever I go to see a client of ours or a prospect, I take this page with me because this transcends Donald Trump, and it transcends whether Hillary would have won. This is the fundamental forces of excessive indebtedness and aging demographics. It comes down to how you want to be invested.

In the summertime, the Wall Street Journal had this great editorial, "Brave New World for Bonds and Stocks." Buying equities for income has always been a strong idea. This strategy has simply become turbocharged. But buying bonds for speculative capital gains looks far more dangerous. Traditional assumptions about asset classes are being turned on their heads. I am telling you right here, right now, Donald Trump, despite how great he thinks he is, is not big enough to alter this on a sustainable basis.

When I started in this business in the early 1980s, you bought bonds for the income, and you bought stocks for the capital gains. Today, if you buy bonds, well, hopefully, you are not buying it for the coupon, or if you are buying it for the capital gain, good luck. Imagine the total return you would need to even get 6%, 7%, 8%. We have got to go back and take those yields to the lowest we had around Brexit last spring and summer.

Here is what I will leave you with: The reason why I am still optimistic on the stock market has not changed; it is because they are trading like bonds. They are trading like bonds, and you do not have to basically buy equities anymore and think, "Oh, I have got to buy bond proxies, like utilities or telecom or staples." No, no, every sector, the S&P and TSX actually delivers a yield today that is better than we will get in the government bond market. That still holds true right now, even after the correction that we have had in market interest rates, which I think will be temporary. You could buy a GM, if you like; you can buy an Intel; you could buy an IBM, and they are all giving you 3%–4% yields. You do not have to buy utilities, which are too expensive anyways, and still participate in the economy, if that is what you want to do. The major point here that has not changed is that the equity market—and this is a bullish case for the equity market, the most bullish one, especially, considering where bond yields are—is going to continue to be the asset class and the vehicle that will deliver the income that the aging, but not aged boomers are going to need for their portfolio up until such time as we get to that second or bear market in bonds. And that only comes when that output gap turns zero. As I said before, that day will come, but it is years down the road. Hopefully, I will be there to speak at that point. Anyway, thanks very much.

Jonathan Lewis

Good afternoon, everybody. Well, first, I will just note that when I was originally asked to speak here, over the summer—and my task is to talk with you about the impact of the U.S. election on the markets in the economy—many of my colleagues said, "Oh, that's a really easy job. Just write your speech about Hillary, put it to bed and show up." Obviously, things did not quite go that way, so I am here to provide you with historical context.

I believe, if we are best to understand the opportunities and risks immediately before us, the president who is most like Donald Trump is John F. Kennedy. This may seem curious. Trump is a Republican and Kennedy, a Democrat; Trump, the oldest man elected president; Kennedy, the youngest. Yet, there is no doubt in my mind that JFK is our Donald Trump doppelganger. By the way, I just like saying the word 'doppelganger'—I hope you do not mind. I will say it again, and not just because they both vacation in Palm Beach. Today, I will explain how the history of the new frontier will tell us what we need to know to think critically about the future before us.

First, a disclosure. The views expressed here are my own. I am the Chief Investment Officer of Fiera Capital's U.S. subsidiary. I hold a Master's in finance and a Master's in history. It is my work as a historian that provides me with the perspective I will offer today. This is a nonpartisan outlook that suggests the months ahead will witness increased geopolitical tensions, increased regional conflicts. We will likely see modestly increasing inflation by tips, even though they are somewhat over-valued right now; rising treasure yields, though a flatter curve; a meaningful correction in stocks; a continued dollar rally that will likely be destabilizing to emerging markets. Okay, that is my opening hint of where I am going. Yet, market volatility and corrections are always good news for opportunistic investors, and getting set up for this scenario could be very profitable. If the Kennedy roadmap to our future is accurate, after the stock correction, we will likely witness the rebirth of a very compelling and long bull market, one that is built on Military Keynesianism, infrastructure investment and tax cuts. The comparisons between President-Elect Trump and Kennedy are striking. They are important. I will review them with you because they will help you appreciate the case that I am going to make.In the 1960 election, the Democratic primaries began with the crowded field. There was hope the establishment candidates could stop and derail Kennedy's momentum. The establishment resented the Kennedy upstart and wanted him stopped. Sound familiar? In 2016, the Republican primaries began with a crowded field. The establishment resented the Trump upstart and wanted him stopped. Kennedy's opponent, Richard Nixon, was Eisenhower's vice president, and he represented the status quo. Hillary Clinton was President Obama's secretary of state, and she represented the status quo. Kennedy wanted to get America moving again. Trump campaigned on the slogan, "Make America Great Again." Both viewed the prior eight years as a period of sluggishness that eroded national greatness. Underestimated by their opponents, both Kennedy and Trump waged unconventional campaigns. Kennedy used a new medium called television to speak directly to the American people in a way never before done by a candidate. Trump used a new medium, social media, specifically Twitter, to speak directly to the American people, and he still is, in a way never before done by a presidential candidate.

Kennedy was a disruptor who challenged President Eisenhower's foreign policy, which he viewed as slow-moving and not in keeping with the demands of the times. Trump is a disruptor who challenges President Obama's foreign policy as slow-moving and not in keeping with the demands of the times. Kennedy campaigned as a hawk, slamming Eisenhower for being soft on the Soviets. Eisenhower had sought to reduce U.S. foreign entanglements abroad and to reduce the costs of defense. Trump campaigned as a hawk and slammed Obama and Clinton as soft on terrorism and ISIS, specifically. Like Eisenhower, Obama sought to reduce U.S. foreign entanglements abroad and the cost of defense. Both candidates won and disputed elections. Kennedy won by the thinnest margin ever recorded in U.S. history up to that point in time—49.7 to 49.6 for Nixon, but a big Electoral College victory. It was one of the most polarizing campaigns up to that point. Trump lost the popular vote, but won the Electoral College and one of the most polarizing elections ever.

In 1960, there were charges of fraud. Nixon decided not to contest it. This year, we had an election where there were charges of fraud. Clinton decided not to contest it. Trump, like Kennedy, will enter office without a popular vote mandate, but with a desire to make big changes. Here is where the trouble starts. Trump, like JFK, wants to take action early in his presidency. Optimists will point out that the Republicans control both the Senate and the House of Representatives and that President Trump should be able to score some big victories. Optimists in Kennedy's day pointed out the same. Despite his narrow victory, the Democrats in Kennedy's day controlled both the Senate and the House, and everyone thought, surely, JFK would be able to score big victories. Sadly, Kennedy's landmark Civil Rights Bill and tax cut legislation did not become law until after his death. They were road blocked by a Congress he controlled. Just as the Democratic Party was fractured in Kennedy's day, stalling the passage of big, bold, historic legislation, so too is the Republican Party fractured today. We saw that just a few days ago.

What actions can President Trump take if Congress frustrates him? The president of the United States has awesome power to act unilaterally in foreign affairs. Kennedy's first foreign policy decisions would, 1) shape the country's poor relationship with Russia for the rest of the decade; 2) lead to a disastrous invasion of the Bay of Pigs just three months after inauguration; 3) would directly lead to Soviet aggression in Berlin and the Cuban Missile Crisis just 18 months later; 4) after stumbling, Kennedy decided, "Asia! That's the right place to take a stand in a promising battlefield called Vietnam."

I will bring a personal perspective to this conversation. One, my history professor at graduate school was McGeorge Bundy, JFK's National Security Advisor; two, he introduced me to Richard Bissell, the architect of the Bay of Pigs Invasion. Bissell was the CIA Deputy Director for covert ops under Eisenhower and Kennedy. I co-authored his memoirs. Three, Bissell introduced me to Walt Rostow, who succeeded Bundy as National Security Advisor. Rostow worked with Johnson on Vietnam policy.

We care about these people today because we will establish in just a moment that JFK's advisors share characteristics in common with Trump's appointments. If character and training is destiny, the parallels between JFK and Trump become informative.

Both Kennedy and Trump were viewed by many as among the least qualified candidates for the presidency. Neither was troubled by an absence of experience or suitable temperament in key appointments. When Kennedy picked his Secretary of Defense, some reacted with skepticism. His selection, Robert McNamara, had no prior experience in government. Yet, Kennedy wanted to bring a private sector perspective to defense matters, and McNamara, as President of the Ford Motor Corporation, was the leader of one of the largest companies in the world. When JFK asked McNamara to serve as Secretary of Defense, McNamara initially turned down the job and told Kennedy, "Mr. President, it's absurd. I'm not qualified." Kennedy responded, "Look, Bob, I don't think there's any school for presidency either." So, JFK plunged his presidency, along with his new Secretary of Defense, unprepared, but ready to take action. The parallels are clear. When Trump announced his pick for Secretary of State, Rex Tillerson, some reacted with skepticism. Tillerson has no experience in government. His private sector expertise was the characteristic that most attracted Trump to Tillerson. As President of ExxonMobil, Tillerson is the leader of one of the largest companies in the world. Surely, he is a different person than Robert McNamara, but we would all be well advised to consider the similarities.

In the first 100 days of the Kennedy administration, McNamara did not have the perspective or knowledge to properly advise the president and, as JFK plunged the country almost immediately into one foreign policy crisis after another, he would have been better served to have an advisor with experience. Yet, McNamara was not the only JFK appointment with a light résumé, and Tillerson is not the only Trump appointment with a credibility gap in national security expertise.

When President-Elect John Kennedy announced to the world that he had selected McGeorge Bundy to be his National Security Advisor, some were taken aback.

Bundy's prior real-world experience was as a professor and a college dean. He never faced a crisis, except in books. Bundy felt Eisenhower's approach was old-fashioned, undermined U.S. strength, and allowed the Russians to take the initiative all over the world. Sound familiar? Bundy did not just want to change policy; he wanted to change how it was made. He began to dismantle Eisenhower's methodical national security apparatus and replace it with something more action oriented—fewer circuit breakers.

JFK's rhetoric and the actions he took in foreign affairs were bold, but unwise. His inexperienced advisors enabled Kennedy's worst qualities. At first, the markets did not react. Stocks surged from Kennedy's election to inauguration. In fact, from a technical perspective, the surge is similar to the surge that has taken place since Trump's election. Though stocks kept moving up in the months immediately following JFK's election, the market became choppy as a sequence of events began to chip away at the initial surge of optimism about the Kennedy presidency. The Bay of Pigs were followed months later by a disastrous summit with Russia's leader, Nikita Khrushchev. Khrushchev decided JFK was all talk and that he could be intimidated by Russian strength. Just months later, Khrushchev surprised the world by building the Berlin Wall. JFK did nothing. Khrushchev's next move was to begin secretly installing nuclear missiles in Cuba. Spoiler alert: Beware an early meeting between President Trump and Putin. The risks surrounding such a meeting could not be higher. The stock market peaked in late 1961, months into the Kennedy administration, and began what historians call today, the ‘Kennedy Slide’. In December 1961, the P/E of the stock market as measured by the Dow Jones was about 23, one of the highest on record up to that point in time. Optimism had carried valuations to that level, but after a series of foreign policy missteps, the JFK glamour was about to lose its dazzle. As the stock market slide began, Kennedy felt under pressure to show he was in charge, to take action, to have a victory of any kind.

In early 1962, he focused on a new target: The U.S. steel industry. America was an industrial economy and the price of steel a main factor in the pace of economic growth. Kennedy wanted to get the country moving. Low steel prices were stimulative; higher steel prices, economically restrictive. Steel executives wanted to maximize profits for shareholders, and they raised the price of steel that spring. Kennedy’s response? Pure Donald Trump. At a news conference, JFK declared, “The American people will find it hard, as I do,” said Kennedy, “to accept a situation in which a tiny handful of executives whose pursuit of private power and profit exceeds their sense of public responsibility.” He condemned the steel executives for showing such “utter contempt” for the interests of 185 million Americans. JFK began a public campaign to embarrass steel executives and intimidate them into rolling back steel prices. Price increases, he feared, would slow the economy at a time when stocks were slumping. President-Elect Trump has already had such a moment, and it continues. To make good on his pledge to rebuild American industry, Trump publicly condemned the executives of the heating and cooling behemoth, Carrier. He threatened them; publicly made an example of them; browbeat them to stop moving jobs to Mexico: "Be forewarned," he told corporate America; "Ford has heard the message. Moving jobs will have consequences." While Kennedy declared victory when he was able to force the steel industry to roll back prices, the stock market took notice of this coercive intervention into the economy, and the Kennedy Slide accelerated throughout 1962, a fall of about 25%.

Though foreign policy stumbles may have burst the bubble that began the slump, most of the fall took place after the confrontation with the steel industry. Though the stock market made its bottom just months later, it would only stage feint recoveries throughout the rest of 1962, slumping again during the Cuban Missile Crisis.

Well, if our story ended here, I fear you will walk out of this room disappointed, in a dark mood to face the clouds of winter. Let me assure you, there is a happy ending. Kennedy may have had his stumbles, but he was a learner who grew from failure. And, in the little life that was left remaining to him in 1963, he was at his best. America was a society on the brink of civil disorder; race relations were at their low; the conflicts between unions and industry, fierce; the fear of industrial job loss was real. Many of these themes are familiar to us today. While Kennedy's Civil Rights Act is best remembered as his legacy achievement to heal society, it was his bold tax cut initiative, which became law as part of the Revenue Act of 1964, that created a foundation for sustained growth. These tax cuts propelled the great bull market of the '60s that began after JFK faced down the Soviets during the Cuban Missile Crisis. The details behind the story are told in a new book co-authored by Lawrence Kudlow, CNBC commentator and a top Trump advisor. We can be assured that President-Elect Trump knows the story and its happy ending: A buoyant economy, a society unified by economic growth until the tragedy of Vietnam became too much.

What about interest rates? What about the Fed? Here, too, the new frontier shows us the way forward. In 1961, the Kennedy administration and the Fed were worried about a growing trade deficit and a weaker dollar. The dollar was still linked to gold, and foreigners were cashing in their dollars for gold at a fast pace, draining U.S. gold reserves and laying the groundwork for a currency crisis if too much gold left the U.S. An obvious solution to defend the dollar was to raise rates, but this risks slowing the economy. The Fed, encouraged by JFK's team, decided on a bold, untried approach, an experiment called 'Operation Twist'. Rather than actually raise rates, the Fed would sell its holdings of short-term treasuries and pressure short rates higher. This made U.S. rates attractive to overseas investors and stemmed the outflow of gold. Simultaneously, the Fed bought long-term bonds and drove longer rates lower. This helped support and stimulate investment and economic activity. Could Trump's Fed borrow this page from JFK's playbook? As a result of quantitative easing, the U.S. Federal Reserve is sitting on about $4.5 trillion of U.S. government securities, and a meaningful portion of this is in shorter maturities. It would not be hard to imagine a Fed rebalancing its holdings and in a manner consistent with Operation Twist. If this action occurred, and the dollar strengthened further, it would not be unreasonable to expect an emerging-markets panic, but accelerating global growth cures all and would likely be short-lived under the right set of circumstances.

Well, I have talked long enough. Can President Trump avoid the dark, opening pages of the story, the foreign policy blunders, the heavy-handed interventions in the economy? If he is listening, I hope so, but only time will tell. Thank you. Thank you for your time.

PF: Well, thank you to all three of our speakers. That was fantastic. I think we can all agree that we have acquired a tremendous amount of that knowledge today. To use David's analogy, my brain feels like that pig in the python right now, so everybody gets to go home and watch reality TV tonight and shut your brains off for a while. At this point, it is my tremendous pleasure to invite Mr. William White to the podium. As he makes his way to the podium, I just want to mention that this lunch has occurred for over 20 years. It has been happening here every year at the Empire Club, and Bill has been a part of all of them. Bill, I just think it is appropriate to acknowledge your superb service to the Club, so thank you.

Note of Appreciation, by William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

Mr. President, distinguished Head Table Guests, fellow members and guests of the Empire Club of Canada, I have the pleasure to express our formal thanks to our three key speakers and their firms: Ian Russell, President of the Investment Industry Association of Canada; David Rosenberg, Chief Economist, Gluskin Sheff + Associates Inc.; Jonathan Lewis, Chief Investment Officer, Fiera Capital.

Gentlemen, what you did today, why you did it and how you did it helps each of us to better understand and embrace the capital markets for this new year. Each of your presentations pointed out how attractive this recent cycle has been, as well as the challenges and opportunities available to each of us in 2017, as investors.

Please, join me now in a warm and special thank you to Ian Russell, David Rosenberg and Jonathan Lewis.

Concluding Remarks, by Paul Fogolin

Thank you, Bill. At this time, I would like to sincerely thank our sponsors for today. As a not-for-profit club, sponsorship is essential to be able to host these lunches.

At first, a special thanks, to the Investment Industry Association of Canada for being our presenting sponsor today and to Fiera Capital for being our event sponsor for today's lunch.

I would also like to give a big thanks to our many gold-level sponsors. I will list them now: IBK Capital Corp., BMO Capital Markets, Wildeboer Dellelce LLP, CFA Society, QTrade, PricewaterhouseCoopers LLP, Bullion Asset Management Group, Prospectors and Developers Association of Canada, WeirFoulds LLP, Canadian Securities Exchange and Watts, Griffis and McOuat Ltd. Finally, I would like to thank IBK Capital Corp., once again, for being our student table sponsor. Let us give a hand to all of our sponsors for their generous support.

I would also like to thank the *National Post* as our print media sponsor, Rogers TV as our local broadcaster, and I would invite you all to check out mediaevents.ca. That is our online event space where we broadcast all of our events at the Empire Club live.

Although we have been around since 1903, we have moved into the 21st century at the Empire Club. You can follow us on Twitter at @Empire_Club. We do not have as many followers as Trump, but we are working on it. And, of course, you can connect through our website, Facebook, LinkedIn, and Instagram as well.

Finally, please, join us again soon. We have a number of exciting lunches coming up, the most exciting will be on January 30th when we will have Mr. David MacNaughton, who is Canada's Ambassador to the United States. He will be coming to address us, and that should be a very interesting lunch.

Thank you so much for coming. Once again, thank you to our speakers and sponsors. This meeting is now adjourned. Have a wonderful afternoon.

The Empire Club Presents

AMBASSADOR DAVID MACNAUGHTON

CANADIAN AMBASSADOR TO THE UNITED STATES OF AMERICA

January 30, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, from the Arcadian Court in downtown Toronto. And, welcome, once again, to the 113th season of the Empire Club of Canada. For those of you who are just joining us either through our webcast or our podcast or live on Rogers TV, welcome, to the broadcast.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table

Guests. I would ask that each of our Head Table Guests rise as their name is called. Traditionally, we usually ask people to refrain from applauding, but that never works, so, as people are called up, clap all you want to.

HEAD TABLE

Distinguished Guest Speaker:

Ambassador David MacNaughton, Canada's Ambassador to the United States

Guests:

Mr. Ali Badruddin, Managing Director, Management Consulting, StrategyCorp Inc.; Director, Empire Club of Canada

Mr. Chris Benedetti, Principal, Sussex Strategy Group; Director, Empire Club of Canada

Ms. Vivien Clubb, President, Providential Pictures Inc.

Ms. Jenny Coco, Chief Executive Officer, Coco Group

Mr. Darryl White, Chief Operating Officer, BMO Financial Group

Mr. Mike White, President and Chief Executive Officer, IBK Capital Corp.

Mr. Barry R. Campbell, President and Founder, Campbell Strategies

Mr. Kevin Safrance, Chief Operating Officer, Mastronardi Produce

My name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President of the Empire Club of Canada this season. Ladies and gentlemen, your Head Table.

In celebration of Canada's sesquicentennial—try to say that five times fast—we have a

tradition. We have a cake up here. I would like to call up the Ambassador and Mike White, the CEO of IBK, which is our sponsor for the sesquicentennial series, and we will do a ceremony of blowing out the candles. We will make a wish.

Happy Birthday, Canada!

Before I formally introduce our guest of honour, I will note that we have a magnificent turnout today, and we have some guests that I do want to point out who have joined us. First off, the Right Honourable, John Turner, former prime minister, is here today. If you could join us, Mr. John Turner. We also have the Honourable David Peterson, former premier of Ontario. We also have three past presidents, to my knowledge: Mr. Noble Chummar, Mr. Bill Laidlaw and Ms. Nona Macdonald.

Finally, the Ambassador has been kind enough to take some questions and answers at the end of his speech. Our staff will be going around. There is paper on the table to write down a question, and they will collect them. I will be reading those questions at the end of the Ambassador's speech.

In April of 1987, Allan Gotlieb, who was Canada's Ambassador to the United States at that time, addressed the Empire Club, just a few months before the historic signing of the Canada-U.S. Free Trade Agreement, which is the precursor to NAFTA. In his speech, focused on dispelling Canadian myths about the United States, Ambassador Gotlieb spoke at length about what he calls the 'trade myth' that Americans are deeply committed to free trade throughout the world, that there is consensus that global free trade is in the U.S. national best interests, and that protectionist pressure represents a blip on the radar.

Gotlieb goes on to say, "Protectionism in the U.S. is not a temporary aberration, but rather a deep-rooted, political response to structural challenges in the U.S. economy. The sentiment that the rest of the world is not playing fair is deep, broad and growing. Protectionism is not going to disappear soon, nor is it going to spare Canadians."

Who would have thought that quote from a speech in 1987 could resonate so strongly 30 years later? Canadian reaction to the election of President Trump has been varied, to say the least. What is consistent is the pervasive sense of uncertainty, the "What comes next?" Anytime there is a change in leadership in Washington, there is always a bit of unpredictability concerning how that president will govern in relation to how they campaigned. There really is no analogue to the situation we are facing today: A president who has never had governing experience, occupying the Oval Office. In light of this, I cannot think of a more fitting time for us to be hearing from our ambassador to the United States.

Mr. MacNaughton has graciously offered to speak to us on a variety of subjects including— but not limited to— the environment, the border, Keystone and, yes, of course, trade. As part of our sesquicentennial series, the Ambassador will speak to the value of the unique historical relationship between our two countries, in particular, the strength of the partnership that will endure through these uncharted territories and beyond.

David MacNaughton presented his credentials as Canada's Ambassador to the United States on March 3, 2016. As a seasoned entrepreneur and political strategist, Mr. Mac-

Naughton brings a unique set of skills and experiences to his new role as Ambassador. Colleagues have described him as having whip-smart political savvy and a record of sound judgment and consensus-building that reaches beyond partisan divides.

In the 1980s, Mr. MacNaughton transformed the public affairs industry by building an organization that combined government relations, public opinion research and public relations. After selling his business in 1989, Mr. MacNaughton became president of Canada's largest government and public relations firm, and, subsequently, the North American president of the world's largest public relations firm. From 1995 until 2003, Mr. MacNaughton was President of Strathshore Financial and was an advisor to one of Canada's leading investment institutions.

Mr. MacNaughton's public sector experience includes work at both the federal and provincial levels. He was principal secretary to the premier of Ontario from 2003 to 2005, and, from 2005 until he became Ambassador, he was Chairman of StrategyCorp.

Active in community affairs, Mr. MacNaughton has served on a number of boards including, but not limited to, North York General Hospital, the Stratford Festival and TIFF. Mr. MacNaughton is married and has four daughters.

Ladies and gentlemen, please, join me in giving a very warm welcome to Canada's Ambassador to the United States, Mr. David MacNaughton.

David MacNaughton

Thanks very much, Paul. It is a pleasure to be back here in my hometown of Toronto. I would like, before I get into the substance of my remarks, to spend a minute to talk about the tragedy that happened in Québec City last night. I know that the prime minister has conveyed his sympathies to the families involved, and I know that the president of the United States has just recently phoned the prime minister and conveyed the sympathies of the people of the United States to our prime minister and to the people involved. It is always, these days, an unfortunate occurrence that is happening too often when these events occur. I know we all feel badly for those in Québec City.

As I said, it is a delight to be here. I am happy to see former prime minister the Right Honourable John Turner and David Peterson. When Paul was talking about some of the comments that some people have said about me—some nice things that they have said—I do recall at one point, I think it was in 1987, walking into Premier Peterson's office. He was there with a couple of other people. He looked up, and he saw me coming in. He said, "Here comes the most devious SOB I have ever met in my life." My remark was, "Thanks very much. That is the nicest thing you have ever said to me, Premier."

As indicated by Paul, I have now been in Washington for almost a year. I said to the prime minister, in taking on this responsibility, that I was not looking for a sinecure, but a real job, a tough job, a job that would cause me to use all of my abilities and then some. Well, I guess that falls into the category of being careful of what you ask for. Seriously, it is an honour and a privilege to represent your country abroad. To do so as Ambassador to the U.S., our most important trading partner, ally and friend, is truly special. I want to spend the time I have with you to give my assessment of what some of the factors are that have caused the change that we see manifesting itself in the United States—how I see the current administration in its first ten days, and what I see going forward for our relationship with our neighbour to the south, or, perhaps, I should say our neighbours to the south.

I think the anxiety that many Americans have been feeling that caused them to want to see a change is felt not only in the United States but is evident throughout the world. The dynamic impact, the expansion of global trade and the transformation of our entire economy through rapid adoption of new technology have created new wealth and lifted many out of poverty. That new wealth, however, has been very unevenly distributed, and the disruption to many segments of our society have been profound and painful.

For many Americans, this phenomenon was very real, and many of those affected felt no one in Washington was listening to them, or, worse, they were telling them that they were wrong, and they did not understand.

Bernie Sanders tapped into that sentiment and so did Donald Trump. While I will not claim to have predicted the outcome of the U.S. election—I did not—it did not surprise me. The prime minister said, frequently, during the

U.S. election, “We will work with whomever the people of the United States elect.” He meant it. We were prepared ourselves for any outcome. Since the election, we have engaged with the new president’s team frequently and, for the most part, positively.

Many observers were of the view that what Donald-Trump-the-Candidate said during the election campaign would be different from what Donald-Trump-the-President would do once elected. It is understandable that many would think that. We have all witnessed candidates who, once in power, once confronted with reality rather than seeking electoral success, have modified their views and their actions. We could not assume that this was the case, and we did not. We, immediately after the election, signaled publicly that we were prepared to discuss improvements to NAFTA. Some advised keeping our heads down, hoping that either the new president would abandon his commitment to significantly change NAFTA or focus only on our other partner, Mexico, in that tri-party agreement.

I have no problem keeping my head down; I just do not believe in sticking it in the sand. Changes to NAFTA are coming, and changes to NAFTA are needed. The case we need to make to the U.S. and the case we have been making and will continue to make is that the changes we seek are not just for our benefit but for the mutual benefit of both our countries. We obviously will be consulting—and have consulted—with sectors of the economy, of our economy, who might be affected. I obviously prefer, for reasons that

I think you will understand, not to negotiate these changes in public.

I should also say something about our friends, the Mexicans. Some have suggested, both in the Mexican media and the Canadian press, that somehow we are not being supportive of their cause or their interest. Let me be clear: We are putting forth suggestions that will maintain NAFTA as a vibrant tripartite agreement. We prefer to seek solutions that benefit all three countries. We do, however, have an obligation, as do the Mexicans and the Americans, to have a laser-like focus on those things that are best, first and foremost for Canadians. We will not forget that.

We do believe NAFTA has been good for all three of us, and we will strive to make it more effective. We also, however, have a significant bilateral relationship with the United States, and there are many issues that are clearly outside of NAFTA and are critical to creating and maintaining good-paying jobs in Canada and in the United States and to preserving the safety of our citizens and promoting peace and stability throughout the world with the U.S. and our other allies. In that regard, we have tried to focus on areas where our interests and our policies are similar or complementary to the new administration.

Let me highlight a few of those areas. First and foremost, both our prime minster and the U.S. president are striving to help create good-paying, middle-class jobs. Currently, more than nine million U.S. jobs depend on trade and investment with Canada. That trade has been more or less in balance for many years, but, more importantly, our two-way trade has made both our economies more efficient and more competitive and has given our consumers better quality products at better prices.

As technology, innovation and human capital become more and more important to success, the erection of barriers to the flow of goods, capital and people and ideas between our two countries would not only impede our growth, it would halt it.

Some of the ideas that are being advanced in the United States that are being labeled as protectionism should instead carry the label that accurately describes their impact: Destructionism. Specifically, we have advanced ideas and will continue to pursue policies that will grow both the economies of the United States and Canada. They include the expansion of preclearance beyond existing sites to two new airports, including and, most importantly, Billy Bishop, and two passenger rail services, as well as working with the U.S. to expand preclearance to cargo, which would improve efficiency and reduce border congestion.

Secondly, we are talking about expanding the areas where we have harmonized regulations or recognize each other's regulatory bodies.

This would not only improve efficiency, but remove a significant burden for small- and medium-sized enterprises. We will never compromise health or safety in this pursuit, but when you consider that we recognize each other's nuclear regulators and food safety inspectors, one has to believe that much more can be done.

Both of our governments have identified infrastructure as a priority. We are pursuing three opportunities in this regard. One is working to identify cross-border infrastructure projects where we can work together to improve the efficiency of the movement of people and goods. Another is sharing with the U.S. our experience and expertise in private-public partnerships in pursuing large infrastructure projects. We must also continue to pursue energy infrastructure, such as pipelines and transmission lines that make our economies more competitive and sources of energy more secure for North America. In the case of hydro and renewables, we must make our environment cleaner. None of these beneficial initiatives will be successful with the

imposition of more restrictive buy-American provisions.

Fourthly, we are committed to working with the U.S. in a cooperative manner to mutually enforce trade restrictions on countries that are not abiding by international trade laws or who have inadequate labour or environmental standards.

Fifth, we see many areas of potential cooperation on the innovation front. Much of that is happening in healthcare, in energy, in areas like artificial intelligence.

Cooperation among Canadian and American universities, private foundations and corporations take place every day. Our government should be encouraging this and facilitating more of it happening, not putting barriers in its way.

I focus mostly on trade, but, of course, our bilateral relationship goes well beyond that into the obvious military partnership in NORAD, our mutual participation in NATO, as well as our work on drug enforcement, intelligence sharing and cooperation on cybersecurity. The reality is that in almost every aspect of our lives, we work cooperatively with our neighbour, the United States of America. Our challenge is that most of this relationship works so well, it is hardly noticed, particularly, by many of our friends south of the border. Our problem is that when they become more isolationist and protectionist, they can take actions that are not aimed at us but have unintended negative consequences, not just for us, but for them, also. That is why I have been urging Canadians from all walks of life, from business, labour, federal, provincial, and municipal governments to assist in helping highlight in very real and very tangible and very specific ways how Canada has helped, can help and is helping to make America the great nation it has been and is now.

We have, I would suggest, taken our relationship with the United States for granted, and we can no longer afford to do so. Fortunately, we have had nothing but cooperation, enthusiasm, and real tangible assistance from the business community, from labour, and from all levels of government. This effort will need to be sustained for a long time in order to be effective.

We must also realize that in any relationship that is as complex and all-encompassing, we will not always agree. There will be disputes on specific trade matters as there are now, and there will be policies that each of us pursue that the other will not agree with. That is called democracy, and that is called sovereignty, and we must make sure that both of these are robust and healthy.

I am pleased to say, so far, that our relationship with the new administration has been professional, cooperative and productive. We also need to remember that congress and state governments play a crucial role in our bilateral relationship. We have a challenging path ahead of us. We must continue to pursue these policies that reflect the values and aspirations of Canadians while respecting the democratically elected administration of the United States of America, and we need to work closely with the U.S. to facilitate the creation of good-paying jobs on both sides of the border.

With your help and the help of Canadians from coast to coast, that is exactly what we will do.

Thank you very much.

Q: The greatest threat to Canada with new U.S. policies will not be terrorists and the border but cheaper energy and lower taxes, and the U.S. and Canada will no longer be competitive. What is Canada's strategy, since our taxes are higher, and our energy costs are higher than ever with the carbon tax?

DM:I guess you decided to start with an easy one. Well, I think, I am not going to comment on personal tax rates because, obviously, there is a substantial difference; although, depending on what state you are in, they are either higher or lower, but I think our corporate taxes are competitive, and, even if the United States changes some of their tax rates, I think we can continue to be so. A CEO of a U.S. company was telling me that one of the problems that they have had in terms of making investments in Canada is that, because their effective tax rate in the United States is actually not the high rate; it is actually a low rate. But, if they earn profits abroad, and then they bring it back, they have to pay 40 plus percent tax. So, it has caused them not to make as many investments as they want to.

If you actually bring the U.S. corporate taxes down, and you can bring the profits back, particularly, if you are a dividend-paying company, it will actually facilitate more investment abroad rather than less.

As long as we maintain a competitive corporate tax rate, I do not see bringing down their tax rate as being a negative thing. On the energy side of things, I think that what the prime minister has said, and in terms of the carbon pricing, there is not a tradeoff between pursuing environmentally friendly policies and economic growth. I would prefer not to deal with the cost of energy in Ontario as a question, but I think I will leave that to the provincial government to answer that question.

PF: We had the minister of energy here.

DM: Yes, so, obviously, maintaining competitiveness has many, many facets to it. I remember when I went into the premier's office in 2003, I think it was the president of Honda Canada who came to me, and it was after the blackouts had occurred in the summer of 2003, and his position was that energy costs were not a significant cost in their production, but the thing that caused them real problems was when there were blackouts or brownouts, and you could not maintain your just-in-time supply chain. That was much more of a factor than the actual price. I know that there are other businesses where energy costs are a high percentage of it, so we have to maintain competitiveness and find ways to do that, but I do not think they are all about energy costs. I think there are other ways that we can enhance our productivity. Try to find an easier one next time, will you?

Q: If there turns out to be a prolonged softwood lumber dispute, is the federal government prepared to defend and support its softwood lumber sector, which supports 60,000 direct jobs in Ontario alone?

DM: Yes, I think we are going to be in for—that dispute is going to last for a bit, obviously, until the interim finding. I think it comes in April or May or something. In terms of what the interim tariffs are going to be, if commerce actually plays it straight and the tariffs that are imposed are not crazy like they have been in several other cases, I think it will put pressure on the U.S. industry to settle, but we are going to have to wait and see. I have talked to the minister of energy concerning the natural resources and where the funding would come from, and we are looking at a package, a support package for the Canadian industry should we get into a prolonged dispute.

Obviously, we have to be careful about the way in which we might provide that assistance so that we do not cause further problems in terms of countervail. I was hoping that we could have got something to happen before the Obama administration left, and we worked pretty hard right up to the end. The reality is that I think that 50% of the U.S. industry has to sign off on any agreement that the administration reaches, and they felt the protectionist wind in their sails, and they were more anxious. They thought they would get a better deal under Trump than they would under Obama in any case. We will see. I am hopeful, but it is a tough one. I would like to get that one behind us, but it is not easy. The point that I make to the U.S. congress and the administration is that this is not just about the shareholders of some very important companies in our country; this is about communities that exist from British Columbia right through to the Atlantic provinces, and, in many cases, they are single-industry towns where we simply cannot accede to these kinds of protectionist measures. While we are anxious to get a deal, we are not prepared to do a bad deal that sees mills close and communities suffer.

Q: You said that relations with the new administration are positive, for the most part. Can you talk about the other part?

DM: Well, I think one of the things is that you have got some very talented people that are around the president. He has made some good appointments. Some of them have yet to be confirmed. In the White House, he has some people who are also extremely knowledgeable and talented. One of the things is that, however, a lot of them have not spent any time in government. That is both a blessing and a curse in the sense that not having been in government does not cause you to get frustrated right out of the starting gate that you cannot get things done, and they are much more oriented towards outcomes rather than process and all the rest. Having said that, some of the ideas that they have come up with are not practical and will not work and would cause damage not just to us, but to them. We have been trying to make that point on a couple of items, and I do not really want to get into the details, but I think that they have seen some of the consequences of the actions that they thought were simple.

Generally speaking, I must say, it has been more than cordial. What they have reinforced in every discussion we have had, every meeting we have, is that they want to build a solid, positive relationship with Canada and that they do not think that Canada is part of the problem. As I said in my remarks, part of the problem is that—and in fairness, I did not understand until I went to the United States, to Washington, the depth and the breadth of the relationship we have—any move they make, even if it is designed to get at someone else, and I use the word collateral damage, ends up hurting them, too. So what we have got to be able to do is to really educate them that those kinds of things do not just hurt us, but they hurt them, too. And rather than having them make a decision and then have to back off from it, we need to really build up the relationship so that they are actually thinking about that before they have take an action, and we can help them with that. As I say, 90% of the interaction we have had has been extraordinarily positive.

You take people like General Kelly, Secretary of Homeland Security, who has fought side by side with people like our chief of the defense staff. The relationships are very deep and very personal. You get Secretary of State Rex Tillerson—he understands Canada well. There are a whole series of them who are smart and knowledgeable about Canada and very positively inclined. I am optimistic, but, as I say, it is only going to work if we really, really work together. I can tell you that I have never seen the degree of cooperation between the federal and provincial governments, between the government in business, the government in labour. Rona Ambrose was down at the inauguration, and she came to the Embassy, got briefed in advance, went out and did media, was very positive about the Canada-US relationship. Her line to me, which I think is really important, is, "I will fight the government in the House of Commons, but we are not going to fight in the United States." I think that is the sentiment that is pervading all of our political and business and community relations. I think that is really good for us.

PF: Ambassador, there is a question in here about who is going to win the Stanley Cup, but I will spare you that one. Thank you so much for taking our questions today.

DM: Thank you very much.

Note of Appreciation, by Darryl White, Chief Operating Officer, BMO Financial Group

Thank you, Paul, and congratulations to you, Paul. As I think about the Empire Club of Canada's mission since 1903, the Empire Club has consistently delivered speakers who are highly interesting and with an impeccable sense of timing. I congratulate you on having achieved that today on both fronts. On behalf of everyone here, I want to offer our thanks to you, Ambassador MacNaughton, for your words today. Over the years, as I said, the Empire Club has had the opportunity to hear from leaders and thinkers during important moments of our history. I think it is pretty clear we find ourselves in one of those moments.

Reflecting on the past few months, I am reminded of the famous saying, "May you live in interesting times." I think I speak for everyone here when I say that all of us have been contemplating—each of us in our own ways—what the impact of the new administration will be on Canada, on our economy, on our businesses and on our lives. Ambassador, your words today have inspired a sense of confidence that Canada's representatives are working hard to ensure that our close relationship with the United States remains strong and to the betterment of Canadians and Americans alike.

Ambassador, your strength and your leadership will be more important than ever in the coming months and years. We wish you the best of luck, and we offer you our support. Thank you for your remarks today.

Concluding Remarks, by Paul Fogolin

Thank you once again, Darryl, for your remarks. Again, a generous thank you for BMO for being our lead sponsor. We could not host these events without sponsors. We are a not-for-profit club. A great thanks to BMO as well as IBK Capital, our sesquicentennial sponsor, and Campbell Strategies, our VIP sponsors. Please, a round of applause for our sponsors today.

Thank you, as well, to the *National Post*, which is our print media sponsor, and to Rogers TV, our local broadcaster. I would also like to thank mediaevents.ca, Canada's online event space for live webcasting today's events to thousands of viewers around the world.

Although our club has been around since 1903, we are in the 21st century and are active on social media. Please, follow us on Twitter @Empire_Club, and visit us on Instagram, Facebook and LinkedIn as well.

Finally, please, join us for a few upcoming events: On February 8th, we will have "For Whom the Road Tolls," a panel discussion on road tolls. I did not come up with the title. Another very interesting topic. I will leave that there. Another exciting event: We will have an evening event with Dr. Catherine Zahn on February 13th.

She is the President and CEO of CAMH. She will be talking—again, as part of our sesquicentennial series—about 150 years of mental health and how we need to do better.

Thank you, once again, for attending today's lunch. This is our largest turnout of the year. I hope you have a fantastic afternoon. This meeting is now adjourned.

The Empire Club Presents

FOR WHOM THE ROAD TOLLS: A DEBATE ON TRAFFIC IN THE GTA AND WHETHER THERE ARE TOLLS IN THE REGION'S FUTURE

FEATURING:
MAHROKH AREFI, JOSH COLLE, BONNIE CROMBIE, TERESA DI FELICE AND MODERATOR ROD PHILLIPS

February 8, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you who are just joining us through either our webcast, podcast or live on Rogers TV, welcome, to the broadcast.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce all of our Head Table Guests. I would ask that each guest at the Head Table rise for a brief moment as their name is called. This is typically when the master of ceremonies asks the audience to refrain from applauding to the end, but nobody ever listens to that. This season, we are asking you to applaud all you want to. We are shaking things up here, folks.

HEAD TABLE

Distinguished Guest Speakers:

Ms. Mahrokh Arefi, CEO, Emovis Technologies US
Councillor Josh Colle, Ward 15 (Eglinton–Lawrence); Chair, TTC
Mayor Bonnie Crombie, Mayor of Mississauga
Ms. Teresa Di Felice, Director, Government and Community Relations, CAA South Central Ontario
Mr. Rod Phillips, Chair, Postmedia Network Inc.

Guests:

Mr. Joseph Clavelle, Director of Business Development, Bestpass
Mr. Phil Gillies, Municipal Practice Lead, Enterprise Canada
Mr. Andy Manahan, Executive Director, Residential and Civil Construction Alliance of Ontario (RCCAO)
Ms. MJ Perry, Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President this year for the Empire Club of Canada. Ladies and gentlemen, your Head Table.

I also want to acknowledge that we have with us one Past President of the Empire Club, Peter Hermant. Let us give a hand to Peter.

To toll or not to toll? This seemingly simple question defines one of the most dynamic political debates of our time. From an objective perspective, there are strong arguments on both sides. Those in favour say things like tolls help to tackle climate change and reduce emissions. They embody the user-pays perspective on raising much-needed funds for infrastructure. Conversely, opponents of road tolls claim they are yet another tax grab. They are unfair, and they are easier for the rich than they are for the poor, and that, in many ways, they just divert traffic to other arteries, which just adds even more to hectic commutes.

Ladies and gentlemen, the good news is that we do not have to come up with any of the solutions ourselves because today we have esteemed panelists who are going to bring their unique and well-informed perspectives to this vital debate.

Ms. Mahrokh Arefi is the CEO of Emovis Technologies US out of the New York area. Ms. Arefi has over 25 years of experience in design, implementation and operation of transportation and transit technologies, including a recent all-electronic toll collection program in Western Canada. She is a registered professional engineer in both British Columbia and in Washington State, and, as I mentioned, she is currently the CEO of Emovis Technologies US.

We also have, as I said, Mr. Josh Colle. Josh was elected in October 2010 to represent the area of Eglinton–Lawrence. In addition, he was elected to serve as the Chair of the TTC in 2015. Born and raised in Toronto, Josh brings a wealth of private sector and community experience to City Hall. He has worked in Toronto's financial services sector, the transportation industry, and has served as vice president of an energy and infrastructure firm. Josh has lived in the Oakwood and Vaughan area for over 30 years, where he continues to reside with his wife and three children.

We have, of course, Her Worship, Mayor Bonnie Crombie. In 2014, Bonnie was elected as Mayor of Mississauga. Building regionally integrated transit, igniting new economic development opportunities and creating a more open, engaging and inclusive city have been Mayor Crombie's leading policy priorities in Mississauga. Mayor Crombie has an MBA from York University's Schulich School of Business and a Corporate Director's Certificate from the Rotman School of Management. Mayor Crombie and her husband, Brian, have three children, Alex, Jonathan and Natasha, and a golden husky with a great name, Adonis.

Ms. Teresa Di Felice is the Director of Government and Community Relations for CAA South Central Ontario.

Teresa is responsible for the overall direction and execution of the organization's advocacy strategies and programs and for representing and raising awareness on relevant issues to CAA's two million plus members and with policy-makers in Ontario. Over the last three years, Teresa has released two Conference Board of Canada reports related to how much motorists contribute to the cost of infrastructure and various tools and strategies related to mitigating congestion.

Last, but certainly not least, our moderator today, Mr. Rod Phillips, is Chair of the board of Postmedia, Canada's largest news media company, which owns over 180 print and digital publications. Rod is also the Global Head of Client Services and Country Lead for Canada for Afiniti, a Washington, DC based global technology company. Active in his community, Rod is the Chair of the Boards at CivicAction and TELUS Toronto Community Board, and he is a member of the board of the Toronto International Film Festival. Previously, Rod was President and Chief Executive Officer of the Ontario Lottery and Gaming Corporation, and, from 1997 to 2000, he served as Chief of Staff to Mayor Mel Lastman.

Ladies and gentlemen, please, welcome all of our panelists and our moderator, Rod Phillips, to the podium.

RP: Thanks very much, Paul. Welcome, everybody. It is a pleasure. And, thank you to the Empire Club for the decision to host this event, and, particularly, thank you to them for deciding to continue to have this event following the announcements of the last couple of weeks.

One of the questions that I asked Phil about when we had the recent announcement from the premier was whether people would still be interested in this discussion about tolls. I think the audience here today and also the vibrant discussion at our table during lunch tells me that they are. My job, as moderator, is simply to make sure that the discussion is lively and interesting, to make sure that the speakers get an opportunity to speak to this issue. We have obviously got a great blend of both people who have a deep understanding and expertise as it relates to tolling, its options, where it is at today. I know for most Ontarians, we think about the 407 as sort of where tolling is at, but, in fact, this has been an evolving space, globally, and there is a lot for us to understand about that. We also, at the heart of that, have some people who are very intimate to the political dynamic—and nothing happens without political will. That is where we are going to start with our questions, if I can.

I am going to walk through a series of questions and then certainly encourage a very open discussion among our group. I am going to start with Josh. Councillor Colle, the announcement the premier made blocking tolling on the Gardiner and on the Don Valley, coupled with her announcement around gas tax, I know, was a bit of a surprise for the council and for the city of Toronto. But there was this announcement about the doubling of the municipality's share of gas tax. Does that end the discussion or answer the question about what the City needs to fund transit and transportation?

JC: Good question. I had some prepared remarks, but I changed them, obviously, since the announcement you referenced. I think, though, the gas tax is welcome because we clearly know what the needs are. Every municipality, every elected official, would agree with that. I think the key difference is there are a few key differences. One is, obviously, the feeling that a municipality cannot control their own destiny. That is something that still begs the question and that still needs to be answered because, while we maintain these highways and spend hundreds of millions, if not billions, doing so, and are told that that is our responsibility, when we make the decision that I think was a really well thought out, but difficult one, the rug is kind of pulled out from under us. That question still has to be answered.

The other issue is, obviously, our needs are so great, and, obviously, I wear the transit hat as the Chair of the TTC, and our transit needs and the lines we debate constantly can easily total up to $30 billion. We are just not getting that from the property tax base. The one challenge with the gas tax money is we cannot leverage it the same way we could have with toll money. So, for capital dollars in the way we want to build and borrow against that money to build things at the scale of the downtown relief line or other projects, while it is great to have the increase in the gas tax funding, we cannot use it and leverage it the same way. That one dollar collected from a toll is where we can stretch that. We could build so much more with that dollar as opposed to the one dollar we get from the gas tax. The gas tax is welcome. I give credit to Mayor Tory and certainly the council. There is no way that gas tax was coming, unless the vote we took had happened, and it was such an emphatic one.

I think that it is good that the conversation is still happening in rooms like this, and I suspect that the conversation about tolls, who should own those highways, who should maintain them, is far from over.

RP: Interesting. What is the difference in the leverage on a tolling dollar versus a grant from the government?

JC: It is just the way the gas tax grant flows to us that we cannot use it to borrow against for major capital projects. That is the difference. You could argue that that just offsets other dollars that we can borrow against, but we just do not have the same ability to leverage as much on it. I think that is a critical difference. The other obvious one is provincial governments come and go. While this increase in funding has been committed and we are thrilled about it, I do not know if it is going to exist in a year's time or even by the time it is supposed to be implemented. That, again, kind of puts us in an awkward situation about how we plan long term. I think all of our constituents want us to be responsible and plan for these things and not take 20- and 30-year breaks in building infrastructure. It is hard to do that when the funding source is not set in stone.

RP: Mayor Crombie, some folks would say that the decision by the province was the triumph of maybe good politics over good policy. Certainly, for those of us who enjoy a good debate and discussion, we were really seeing a debate and discussion evolving, and that has been cut short. Given that roughly half the people that use the Gardiner and the Don Valley come from outside Toronto, and I know you understand the needs of municipalities—was this just that? Was this just politics triumphing over policy because it got positioned as a victory for folks in the 905 by a premier who, frankly, to give her credit, has not tried to create divisions between the Greater Toronto Area?

BC: Are you suggesting that the 33 ridings in the 905 have more power than the 25 in the 416?

RP: I did not say that, but…

BC: Look, I think the premier found a more equitable way to fund the much-needed transit investments, than the tolling of the roads would have otherwise suggested.

Tolling is not the solution to the problem. In fact, in the 905, we already pay thousands and thousands of dollars on the 407, which is already a toll road, to get to our appointments, to get to work, to get to school, et cetera. I have to give Mayor Tory the credit for finding a solution to a problem. Toll roads is a user fee, and we use user fees in Mississauga as well. I may not like the toll approach; however, we use user fees as well, and I would fight for his right to ask for that ability to implement that tax.

We need to have an honest and open discussion about revenue tools, about 'cities controlling their own destinies', which is a quote that Josh used and that I used in my op-ed, if you missed it last week. What we are talking about is building 21st century cities with 19th century tools. We just do not have the ability.

Yes, the City of Toronto has the Toronto Act, and they are permitted to use other revenue sources other than the property tax and user fees, which in the 905—myself included—are the only taxation powers that we have: Property taxes, user fees and development charges.

Of course, the gas tax is very welcome. Now, we have had the announcement this morning with Minister Del Duca. It has been doubled to $33 million for Mississauga, and that is a very equitable approach so that all municipalities that have transit systems, or

99 municipalities that have a transit system, will now benefit. It is time to have that conversation. The system is broken. You have to understand that cities' budgets are not designed for large cap-ex projects. They are not designed to build large infrastructure projects, large transit projects. They are designed to provide municipal services; to pick up your garbage, leaves; maintain our community centres; build roads, bridges and sewers, but not for these large projects.

As Josh has said, we have been underfunded for 30 years. We are behind in building our transit and transportation networks for the past 30 years. This is all catch-up today. How are we going to do that? Toronto has tried to find a unique solution. Obviously, in the 905, we are very supportive of the idea, but it is one solution, and others need to be discussed. Why cannot the 905 and other municipalities have the same taxation ability to generate revenue so that we, too, can be responsible and control our own destinies as well?

What we are looking for is to have that debate so that we have permanent, long-term and dedicated funding as part of the discussion. The premier must be willing to do this with all municipalities, not just Toronto.

RP: Listening to that well-thought-through answer, is there…? You do not necessarily have an issue with tolls. As you said, they exist on the 407, and they are…

BC: I do not think the province has an issue with tolls because we have them on the 407, and we now have HOT lanes. Tolls is not the issue; it is revenue-generation for cities. That is the discussion we need to have, and how we are going to do that to fund our big cap-ex projects?

M: Great. Mahrokh, maybe you can help us. I know some of us, myself included, do not spend as much time on this issue, but partly when we think—as I mentioned in my introduction—about tolls in Ontario, we really think about one experience, the 407, which as folks will know, has just been expanded and is a further toll highway.

I think that Mayor Crombie is right: Tolls are a part of the future. That really is 20-year-old technology. That is what was a big deal back then.

Your company deals with this all over the world today. Can you tell us a little bit about what tolling can mean today? Think of it from a user point of view, as someone driving, but maybe from a municipality or vendor point of view as well. What does it look like that is different than our experience with the 407?

MA: Thanks. I have to say the 407, when it started, was fabulous. It was the innovation at the time, and, even right now, through even my career, in the past ten, 15 years, whenever I had the procurement and we were asking for companies to provide the references, everybody referenced 407.

I do not know how many companies work on the 407, but there were a lot of companies, and they are using that as a flagship.

M: Everybody took credit, yes.

MA: Everybody took credit for that, which was amazing. It was a brilliant setup at the time, and I kind of encourage Torontonians, again—I am a Canadian; I am very proud of what the leadership that Canada took—and Toronto—at the time to bring that concept to life, to look at it and to continue to lead the North American market. Canada is way ahead of U.S., let us put it this way.

Going back to your question—sorry, I had to say this—yes, we all know that technology changes. Every day it is more mature, and it costs less and performs better, with better accuracies.

When the 407 started, I remember I had some people going through a tour of it at the time, and they came back and said, "There are 700 people working at the back office there!" That was just wow. Looking at the operating costs at the time, it was huge, but because of innovation and improvements in our camera system, image capture system— which is the component of the lane side that has to be provided so they are able to capture the transactions on the roadway—you are able to capture it and post the transactions quite easily, without having a further review on the back-office side.

The technology from the lane side perspective is still radio frequency technology. There is an emerging one right now that Europe is using, which is satellite-based. For that particular one, you do not need the infrastructure and gantries that you put on the highway. Basically, you have a device in the vehicle, and you communicate through satellite to the back office. It is getting some momentum in Europe. It is still not expanded here in North America because of different reasons. In the U.S., it is because of the base that they have right now and the transponder penetration for each agency that they are using, so, it is a difficult transition to go from an RFID base to a satellite base. Again, it is progressing in Europe, and I think different projects have to look at it differently and look and see what technologies best fit for that particular application to minimize the capital cost and allow for flexibility and expansion in the future. With satellite tolling, you can just add another point easily without having to go through the cost of building another gantry or putting equipment on the lane side.

RP: Great. Thank you. In terms of business around the world, where is the most activity right now? Whether it is bridges or roads, where do you find governments are looking at this for real?

MA: I am based in New York right now, in the U.S., and I can see that in the U.S., it is taking a lot. There is a momentum there right now, given that there is no funding. Transportation funding is a big issue everywhere. Similar to Canada, the U.S. had a gas tax, which has been the main income for transportation and other funding purposes. Unlike Canada, they have not increased the gas tax for many, many years. That is a big debate that they are considering even right now.

As far as federal highways, they earmarked $90 million last year in the FAST Act, and they are actually looking at road usage charging pilots. They announced that, and there are states that are putting applications in place to continue to look at alternatives to the gas tax. One would be vehicle miles travelled. We have a project in Oregon right now at the pilot stage, where we are calculating the gas tax credit versus the mileage-based travel as far as charging the travelers. So, there is a lot of stuff going on. They are even looking at interstate—I mean, this was a no-no ten years ago in the States. They would not even think about it. Right now, they are looking at tolling the interstate because there is no funding. They do not have money to actually renovate their infrastructure.

M: Good. Thank you. It is a good thing Mahrokh and Teresa are at the opposite end of the table because, of course, Teresa, from the CAA would be very attuned to discussions about how much it costs to drive. Back in December, you made some very compelling arguments at the council discussions with the executive committee about the fact that this argument about why are we subsidizing the drivers is not a fair argument. You must have been very pleased, organizationally, when the premier made her change of position. Could you talk to the group here about why, from the CAA perspective, that idea of the subsidized driver is a myth?

TD: Sure. We commissioned the Conference Board of Canada to work with us to do some research with respect to the costs of the road as well what motorists contribute to that. The work involved, really, a response to the argument that motorists are subsidized—and the conversation happens in two forms, not just with the respect to the direct costs of driving, but also something called 'social externalities'. It is a big word for sort of the impact that driving has on society. We wanted a third-party, objective response to look at whether motorists are subsidized and what the impact on society is. And, therefore, when you have debates about tolls and road pricing, conversations happen around who benefits, who pays, and those types of things.

Through the research that was done in Ontario, what we found was that 70–80% of motorist-related taxes cover the cost of the maintaining and operating the infrastructure in Ontario. When you broke that down into the GTA or the GTHA, for that matter, it was actually more than 100%. This took very specific taxes, and so it was not just the general HST that a motorist would pay, but we did look at the HST that is leveraged on fuel taxes, because it is one of the few areas where you get a tax on a tax. Very few users experience a tax on a tax, but if you are a motorist or paying for fuel in Ontario, you do. What it determined was that, especially in the GTHA, the roads are covered more than 100%. Generally, that money goes into general revenues, and it flows to senior levels of government to the tune of over $7 billion in the study years that we looked at. Municipalities only get $1.2 billion of that, and that is not a surprise with respect to how taxes flow.

We also looked at things that we did not include. We added one additional type of fee that was not specific to your everyday motoring costs, which was the HST on the sales of automobiles because, in Ontario, there is a very healthy car sales market. That would have added another $1 billion to that total, but we kept it separate.

When you look at social externalities, there is a conversation around vehicle operating costs, and it is the driver themselves that have to absorb that cost. We looked at things like congestion. When it came to looking at externalities, that is another one.

Those are usually what drivers impose on other drivers. It is within the system of the user themselves that are having to experience that externality. Accident costs: Same thing. That is usually seen as a big impact on society.

To some extent, it is, but, again, motorists, drivers, usually cover that cost through things like insurance fees. There is a coverage for that, and that delay is imposed on each other.

The one area that we found that was probably a true societal externality was, obviously, environmental emissions. The report that we brought forward looked at that in a couple of different emissions. One was GHG emissions, and one was CAC emissions. CAC emissions have been reducing in Canada over a number of years. GHG emissions we know is a challenge, but, in terms of vehicle kilometres traveled, when you break down the cost, it accounted for—both emissions—2.5¢ of a dollar for vehicle kilometres traveled. The bulk of the cost comes to individual motorists themselves, and everything they have to pay with respect to owning and operating a vehicle in Ontario; the infrastructure costs in maintaining the actual aspect of growing and dealing with infrastructure; accident costs, again, absorbed internally; congestion costs absorbed internally. It was trying to put perspective to the fact that the conversation really should not be about subsidization, because then how much? How much does one user pay over another? With respect to the TTC, we know that it is 85% now of the fare box, I think, goes to maintaining and operating the system.

As the Councillor Colle mentioned, capital costs associated with that still need to be funded. The same thing with transportation infrastructure that is related to the driver. In the GTHA or in Ontario, a huge chunk of the money that is available is through that particular user, and we have to figure out some of the other things. Some of the societal costs related to externalities is covered by the road user because the money that motorists pay has not always been dedicated. It has gone into general revenues, which are designed to deal with some of those social externalities.

RP: Is there a toll the CAA would support?

TD: CAA has been involved in the conversation around road pricing for a long time. We were generally supportive of sort of the pilot on HOT lanes. We wanted to experiment with that, and see what that looks like. In polling our members in the past, we found our members tended to be a little bit more in favour; although, generally, they are not in favour of tolls overall, but a little bit more general in favour of imposing tolls on new infrastructure, of which the 407 was an example, so they are a bit more in favour of putting a fee with respect to covering the cost of building that infrastructure when you are building new infrastructure.

RP: Mayor Crombie, you understand that the tolls and user charges could be a solution in the future. We know that your community is a net importer of jobs—so there are people coming and going from Toronto to

Mississauga. Was this a discussion about whether tolls were right for the Gardiner and Don Valley, or, if there had been a revenue sharing, if Mayor Tory had come to you beforehand and said, "Bonnie, here, I will give you 20%," would that have been a good starting point to get you and perhaps other 905 mayors? I know that you cannot speak for them, but would that be a compelling argument?

BC: Just 20%? Certainly. All new revenue is welcome. I think we do have to think regionally. As I said earlier, I do not agree with the toll on my citizens, my residents that may be driving into the city of Toronto or on those residents in Toronto that are driving to Mississauga for those half a million jobs that I have in Mississauga. But I do agree with Mayor Tory that he should have the ability to impose that tax, should that be the tax his council supports. I do approve of his ability to do so. That is a different approach.

We really want to—I want to take this back to controlling our own destinies: We are creatures of the province. We do not have a lot of authority and control in our own right. Cities are probably the most transparent and best managed of the three levels of government, when you think about it. We are required to have balanced budgets. We are limited to the amount of debt that we can raise. We have rigorous financial reporting, and we have also very demanding ten-year asset management plans.

Of all three levels of government, I would argue that we are the best at administering our cities, our municipalities, and we should have that discussion on why is it that we cannot control our own destiny, and why we cannot raise the revenue we need to better run, better manage and invest in our cities, no matter what those projects may be.

There are a retinue suite of revenue tools that can be used. The City of Toronto has the Land Transfer Tax at its disposal and the Vehicle Registration Tax at its disposal. I think it has a parking tax, maybe a hotel tax, a Land Capture Tax that other cities do not have. If you had asked me which I would be in favour of, that would be a larger discussion. Our council has asked for this province to look at a 1% share of the HST, a share of a sales tax, or is it time for all levels of government to share income tax? What is fairer for cities, so that we can better run, better manage our cities and really build those 21st century cities without using those 19th century tools that we have been allocated? That is what this discussion should be about. No one likes road tolls, of course. They would cost my residents an additional $1,000 a year at $2 per toll. We recognize that, but should a mayor, whether it be Mayor Tory, myself, Mayor Burton in Oakville, Mayor Jeffrey in Brampton, have an ability? We should have that ability to implement a tax. If our residents do not like us, they will be voting us out of office, will they not? Or, in the long term, they will shift, and they will move. Those are discussions that need to be had with our senior levels of government, particularly, with the province—those honest, open discussions about how cities will fund themselves in the future. We need that long-term, sustainable funding, dedicated funding to build our infrastructure, to build our transit and transportation, and we want to control that. I think we should have those at our disposal.

The City of Toronto has more means, but perhaps there is a larger discussion to be had there as well. We welcome that doubling of the gas tax. We welcome a share, should there be a toll. We welcome all new revenue to help us invest in our cities.

RP: Councillor Colle has a point, but I was going to ask you, with all of the great tools that you have that Bonnie does not, are the property taxes, the homeowner's property taxes substantially lower?

JC: Yes, the rate is lower. Let me just say a couple of things because I will try to be less diplomatic and get the crowd going. I think the reality is that there is a lot of conversation about whether this is the right time or not or whether there should be other tools, and I agree wholeheartedly that cities and municipalities should have all these tools at their disposal. The reality of what just happened recently, though, is that none of these are coming forward now. If you see the politics now—and I think I have got a few good tables of

Progressive Conservatives—I do not think the NDP is represented here, but the fact that both parties clearly said no, and that the governing party eventually did, too, if we now think that if Mayor Crombie in Mississauga or Mayor Tory in Toronto puts forward another tax or tool, that somehow that is going to be accepted now, it is not.

I think that the honest conversation that we have to start having is if the provincial government has said no to the City of Toronto, then I think I read that as they are saying not just no to tolls, but they are saying no to all municipalities of other tools you might want to explore to look at funding. In our case, that is $35 billion of outstanding capital work. That is, I think, the conversation that maybe will come out of this, so we kind of do not kid ourselves about talking about tolls and what would have happened or not. We are talking about do you do one based on time of day or use and those kind of things, but I think my read is it has all been wiped off the table now. That is the politics of Toronto, Ontario, right now, which I think is really disappointing because the City of Toronto councillors, much to do with a lot of political heat, overwhelmingly voted for it and were willing to take that heat at the polls. Whether you agree with that tool or not, the fact that that has been removed, I would suggest, has set us back, and we will not be looking at implementation introduction of any new tools or taxes—I do not care what you call them; let us be honest about it; they are taxes—in this province for at least the foreseeable future, and I think that is a significant setback and the most disappointing part of this, regardless of the wonderful increases to gas tax and the great debates we can all have about which tool is the best one. I think in essence, politically, let us wipe them all off the table.

RP: What happens next then, other than, from what I am hearing from our two politicians on the stage?

We do not have enough money to pay…?

BC: We continue to do what Mayor Tory did. Go cap in hand: "This is what I want to build. Please fund it. What will you give me?"

JC: When you do that, you end up with cities like Toronto or Mississauga that take 20 years off of infrastructure building. It does not make good business sense. It does not make any sense at all. If you look at, people do not want to talk about it. Transit is the sexiest and obviously I think is the most important with my role, but it is the same with water infrastructure; it is the same with hydro infrastructure.

BC: It is the same as social programs and the same as housing. You saw the article in the paper. Mayor Tory asked for more funding for his housing and for his daycare programs. It is the same with those programs. We cannot fund them.

JC: More municipalities, as they age, will have the same issues that Toronto and Mississauga are facing.

We have to—I am kind of sick of saying it—because it is so cliché now about this honest conversation. We tried to have the honest conversation. It was not well received.

RP: I think you both make a great point. What do municipal councils, what do mayors need to do to change that conversation, if anything, or is it simply a function of just letting another 20 years slip?

JC: Well, we cannot do that because we cannot afford it in every sense of the word. I think the very fact that Toronto City Council—we are always a harmonious, agreeable group—was able to vote so overwhelmingly one way on a contentious issue…that is what got the gas tax funding flowing, right. It is going to have to be statements like that, that are not just kind of traditional cap in hand.

We do have a lot of elections coming up, too, where these are main, important issues. Councils are going to have to start making these statements and probably realizing that they have a lot more in common. As we try and build out the TTC, it is a regional system. It is a regional system where everyone accepts that you pay a user fee. You do it every day. Everyone has been fine with that for 100 years. The taxpayer pays for it, and you pay a user fee. I think we have got to get our head around that that is the fact that a lot of this stuff is going to be funded and that municipalities actually have quite a bit in common on this front, and we cannot get caught up in the "my-people-are-constituents-who-are-paying-more-or-less" because that is going to undercut our argument altogether.

BC: Just to jump in on this one, because I know you want to get in there, but we need to continue to ramp up the pressure, keep the pressure up and continue to advocate. I know we are planning a forum in Mississauga with Peel, "Our Fair Share for Peel Advocacy Team." We have got to keep pressuring the provincial government and the federal government, but there also has to be a realization that roadways are a common good and a common benefit. The fact that part of the Gardiner Expressway was downloaded at one point—those roads should be uploaded. They are an integral, vital part of our economy that benefit the entire region. We need to think more like in a region, and perhaps it is time for the province to be funding those regional roads.

RP: The solution, though, Teresa—you are no stranger to the politics of this. What is your advice to our elected officials?

TD: I think that some of the backlash, whether it be about politics or not, has resurrected the need to have that, as you guys call it, the adult conversation around how cities are funded, and I think that it kind of goes up and down over a period of time where we do have this conversation. I think your analogy about trying to run a 21st century city with 19th century tools is a good one, and so I think that is a very important discussion.

The reality is the policies, the decisions, all affect the same user, so the motorist is sometimes a transit user, is the hydro taxpayer, is the property tax payer. Yes, when we take it down to that level, that is where we sort of lose and unravel some of these conversations, but the reality is this is politics as well. There is an accountability. I think that there is a general frustration out there with respect to what the taxpayer feels is happening, whether they are intimately aware and involved in what the $33 billion worth of projects is in the City of Toronto that the mayor was trying to fund with a $2 toll or whether it is around what kind of tools that you now get to fund that—whether it is an HST increase or any of those things. Some of them are more aware than others, but there is a general frustration. Part of the conversation has to be about whether we need to look at these things differently, do them differently, and how we can ensure that the end user can still function because we have got a lot of other problems that are happening that are related to the cost of living and the ability for people, the affordability of people to pay. That is what makes some of our cities as vibrant as they are. We cannot forget that as part of the equation.

RP: Mahrokh, time for one more question. You get to close, Mahrokh. In your experience, if you had to take one example of where you see this working somewhere in the world—and this is about a political will as well as, obviously, the technology to do this—is there an example you would point to, somewhere where it is going well? Or is this as good as it gets?

MA: Everybody is as frustrated as you are. In fact, I was just going to say to everybody here that since the vote or the issue was basically overruled a couple of weeks ago, all the tolling associations around the world and, even we in the U.S., are getting some messages. We get newsflashes every day. Toronto is front and centre. It is the top information that comes up.

One of the things today I saw was that I guess there was an article somewhere here about $11 billion loss of productivity. We cannot delay decisions for 20 years. We cannot. I can tell you that I did in Vancouver. I tried; I was on the agency side and the public side, and I was working with Transport Canada, and I was just saying that we should put this bickering and this balkanized approach aside. Somebody needs to take the lead and come up with an approach that is equitable and it can support sustainable transportation funding in the future. It is upon us. We have to do it for our future. You can look at the customers now. It is my children that are using the facilities.

Look at the profile of those customers. They are more acceptable for paying for something as long as they get the benefit. They are on their mobile devices all the time. They want to go from A to B. They want to have a seamless mobility service. They do not care whether it is an Uber, whether it is driving, whether it is the transit. They want to get the best combination, the fastest and the more affordable one. It is really up to us and the leaders. I am just going to say that people around the world are looking at you here, in Canada, to take that leadership and try to come up with something that is equitable for both transit—I know it is easier said than done, but somebody needs to take that leadership, really. That is the bottom line.

JC: We are trying.

RP: Great. What a great way to wrap up. Thank you very much. That was good.

Note of Appreciation, by MJ Perry, Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

I first went to Paul and the Chair of our Speaker's Committee, Barb Jesson, last December, with this topic, and it has been a very interesting journey. We have had a couple of things that have surprised us. One happened a couple of weeks ago with the announcement from the premier. Another was I had foot surgery that was moved up several months, so, before I thank the panel, I have to thank our staff, Taylor Reid and Erin Gair, and Enterprise's Phil Gillies, for stepping up to the plate because, for three weeks, I was absolutely useless. If those three had not stepped forward, this wonderful luncheon would not have taken place. Thank you very much, the three of you.

Having said that, I want to offer sincere thanks to Ms. Arefi. She got stuck because of our ice storm yesterday and, actually, could not get out of New York City until one o'clock this morning. Thank you for your dedication. Thank you to Councillor Colle, whom I have actually seen growing up, so maybe I am old.

Thank you to Mayor Crombie and also to Ms. Di Felice for being here and helping us to understand that tolling is about more than tolling. It is about our approach to being a good municipality.

Thank you all very, very much.

Concluding Remarks, by Paul Fogolin

Thank you, MJ. I would also like to thank our many sponsors for this lunch. We are a not-for-profit club, and we simply could not host these great conversations without our sponsors. I would like to thank Bestpass, Enterprise Canada, Mr. Discount, and our VIP sponsor, the RCCAO, for making this event possible. A round of applause.

I would also like to thank the *National Post* as our print media sponsor and Rogers TV, our local broadcaster. We would like to thank mediaevents.ca, Canada's online event space for live webcasting today's event to thousands of viewers around the world.

Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club, and visit us online at www.empireclub.org. We are also on Instagram and Facebook. And I think we also have a Snapchat account now. I do not have one, personally, but we do, at the Empire Club. Check it out.

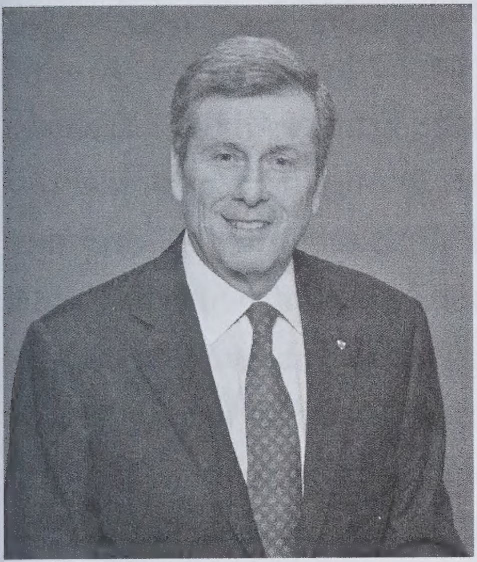
Finally, please, join us for some very exciting upcoming events. On the 13th, we have Dr. Catherine Zahn. She is the President and CEO of CAMH, and she will do an evening event with us. We are doing some evening events this year—it is not just lunches. It gives another opportunity to come and listen to some great conversations.

Then, next Tuesday, on Valentine's Day, we have Mayor John Tory, who will also be coming to have a very important discussion. We are actually working right now on getting Transportation Minister Steven Del Duca to come to the Club. I think he will bring an excellent perspective to the conversation that started today.

One last media sponsor to thank: Renew Canada for being our media sponsor for today.

Thank you so much for attending. Have a fantastic afternoon. This meeting is now adjourned.

The Empire Club Presents



MR. JOHN TORY
MAYOR OF TORONTO

February 14, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. Welcome back. Hope you enjoyed your lunch. From the Fairmont Royal York in downtown Toronto, welcome, once again, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our webcast or podcast or live on Rogers TV, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table.

For those of you who have been to an Empire Club lunch this season, you know that we allow people to clap as people are announced, so, please, provide your support as you see fit.

HEAD TABLE

Distinguished Guest Speaker:

Mayor John Tory, Mayor of the City of Toronto

Guests:

Ms. Ana Bailão, City Councillor for Ward 18, Davenport

Mr. Gary Crawford, City Councillor for Ward 36, Scarborough Southwest; Budget Chief, City of Toronto

Ms. Jan De Silva, President and Chief Executive Officer, Toronto Region Board of Trade

Ms. Amanda Galbraith, Principal, Navigator Ltd.

Mr. Colin Lynch, Senior Vice President, Strategy and Growth, Greystone Managed Investments Inc.; and First Vice President, Empire Club of Canada

Mr. Tim Smitheman, Manager, Government Affairs, Union Gas; Second Vice President, Empire Club of Canada

Mr. Michael Walsh, Senior Vice President, Connor, Clark & Lunn Financial Group

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President for the Empire Club this season. Ladies and gentlemen, your Head Table Guests.

I would also like to acknowledge that we have three past presidents of the Club with us today. I welcome to the lunch, Mr. Noble Chummar, Ms. Verity Sylvester, and Mr. David Edmison. Please, give them a round of applause.

On January 10th, 1974, the then mayor, David Crombie, delivered an address here at the Empire Club of Canada. He covered some familiar topics: Transit, affordable housing, supports for the elderly. But he also spoke about the inability of cities to raise the revenues necessary to meet the needs of a growing and diverse population. And I quote, “We are still in the position where we do not have the money to deliver the services we logically can perform better than the central government. We still labour along with regressive property tax base as our main source of revenue to supply an ever-widening range of services.” He continues, “I predict in 1974, you will hear from the mayors of cities across this great country on the problem of money and power as it relates to the provincial and federal governments.”

While it may be discouraging that some of these challenges have not disappeared with the passage of time, take comfort, Mayor Tory, in knowing that other mayors have dealt with these issues. More importantly, from any point of view, the city of Toronto has made tremendous, positive progress in the many years since Mayor Crombie's address.

Toronto is Canada's largest city. It is the fourth largest city in North America and home to a diverse and talented population. It is a global centre for business, finance, arts and culture. It is consistently ranked as one of the world's most livable cities. A world-class city demands world-class leadership, someone with effective management skills, political savvy, the will to make tough decisions, and the ability to attract business, jobs and tourists. In order to successfully navigate the growth of a global metropolis, you require a skilled navigator. In that regard, Torontonians are fortunate to have John Tory at the helm.

Born and raised in Toronto, Mayor Tory has spent his career promoting and giving back to the city he loves. As a lawyer, talk show host, businessman, Member of Provincial Parliament, Leader of the Official Opposition at Queen's Park and, finally, as Mayor, he has long believed that diversity is the strength of the city. As Mayor, his focus is on bringing the city together as One Toronto.

Mayor Tory is a lifelong and self-proclaimed, long-suffering Toronto Maple Leafs fan—maybe not for long, hopefully. Mayor Tory and his wife, Barbara, have been married since 1978. They raised their four children, John Jr., Chris, Susan and George here in the city of Toronto and are delighted now to have five grandchildren to spoil.

Ladies and gentlemen, please, join me in providing a very generous welcome to our guest of honour, the 65th Mayor of Toronto, John Tory.

John Tory

President Paul and distinguished guests one and all, first of all, Happy Valentine's Day, and welcome to the Empire Club. I am sure there is no place you would rather be on Valentine's Day than here, hearing me talk about the City's finances. Maybe if we dimmed the lights a little bit, there would be a slightly better mood in the room. It reminds me of one year probably about six or seven years ago when I was a broadcaster, and, as is the case today, Barb, my wife, was away for Valentine's Day. So, I had this idea that I would sort of found this lonely hearts club from among my listeners and that I would invite women who had nothing to do or who wanted to have dinner to call. I said I would host a dinner for 15 women on Valentine's Day, just because they would otherwise be alone, as was I. There was a tremendous response from people, but they had to say why they wanted to come to dinner with me. I was astounded to find that, of the 15 women, about half of them said that they were going to come to dinner with me because their husbands refused to recognize the existence of Valentine's Day. I was astounded. I am thinking, "Who are these guys?" In any event, we had the dinner. I have not been allowed to have one of those since. I suspect if I did it, as mayor, there would be some tongues that would wag over that, so I am just not doing that.

It is a pleasure for me to be here. May I acknowledge that I am here as one of a council that has responsibility for the affairs of the City. I want to just welcome some of my colleagues who are here. Two of them were introduced, Gary Crawford and Ana Bailão, but I want to welcome also Councillor Mary-Margaret McMahon, Councillor John Campbell, Councillor Christin Carmichael Greb and Councillor Paul Ainslie who are also here.

I will just single one of them for attention, given the topic of my remarks today, which has to do with the finances and the budget, and that is Gary Crawford. Of all the thankless tasks you can get in the city government, to be the budget chief is most thankless of all because it is a tremendously complex and time-consuming job, and you cannot—like with a lot of aspects of the public life—satisfy everybody, or, seemingly, sometimes you cannot satisfy anybody. He has been working on this all year. While I am one of his biggest supporters and am sort of, I guess, ending up as the lead spokesperson for what we are all doing, a lot of the work has been done by him. Gary, I appreciate that, as I am sure do the people of Toronto very, very much.

Tomorrow, we begin the city council's debate at the end of a very long process that did start many months ago on the 2017 budget. As I mentioned, our city council has 44 councillors, plus myself, and together we represent Toronto's more than 2.7 million residents. As you know, we are a city of many neighbourhoods.

We are home to people from around the world, from all walks of life, all different occupations and have many different points of view. When it comes to the annual budget, you hear, if you are a consumer of the news, many of the louder voices who will say we are either spending too little, or we are spending too much, but you do not tend to hear from, perhaps other than your neighbours or people you socialize with, from a lot of average people.

I think my job, as Mayor, and Gary's job as the Budget Chief, and all of our jobs, really, as city councillors, is to listen to all of the voices to try to break through the rhetoric, to look closely at the numbers, and to lead a budget process that satisfies the needs of our citizens as best we can while demonstrating that, at the same time, we are a government that acts responsibly and spends money wisely.

This year, the operating budget of the city will be more than $10 billion, from which, we must support dozens of city agencies and divisions. You are familiar with the big ones, like the TTC and the police, but there are many others, and we have to provide support to all the other different activities that we undertake on behalf of the people, ranging from libraries, to shelters, to roads, to garbage collection, to water systems. At the same time, we have a capital budget that is going to be about $2.8 billion this year, to expand the different systems that the city needs and, moving forward, as part of a ten-year capital plan that is in the neighbourhood of $26.5 billion.

I think this would indicate to you that cities are, as you know, complex organizations that have to be constantly recalibrated to make sure that no one group is being left behind, and that no one group is shouldering too much of the burden. I think that the no-one-group-being-left-behind value is very much a Toronto value that we all share. I think it is a Canadian value.

I believe that is what this budget to be formally presented to the whole council tomorrow achieves. The budget reflects Toronto's identity as a place where people do care about each other, a place where the public expects us to invest in things like recreation programming, childcare, public health and so on because these are often the measures or the programs that are supporting those who are most vulnerable and need this kind of support in our city.

The budget also reflects something else that is expected of us, which is real savings and efficiencies because Toronto is also home to people from all walks of life and all corners of the earth. They share an expectation that we, as the elected leaders, and those who help us in our wonderful public service, will look carefully at the books and will look carefully at every line in the books. Even though the line was there last year and the year before and the year before, it is a perfectly good reason to look at it and to find new ways of doing things so that tax revenues are deployed with maximum impact and minimum of wastage or duplication.

Despite what some people will say, our budget is not an either-or scenario. I believe that we have struck a balance between necessary investment and ongoing restraint, just like most people have to do in their lives and in their businesses with their finances. We have put forward a budget that restrains property tax increases to the rate of inflation, a promise that I will keep to Toronto's homeowners. You heard David Crombie making reference, many years ago on this same platform, to the regressive nature of property taxes. Beyond being regressive, they impose a particular hardship if the increases are too great, on people like senior citizens who are in their homes and who have been in their homes for a long time. And we know from all the studies, they are better off in their homes, but they also are often living on a fixed income. Property taxes are one of the biggest cheques they write over the course of a year. The same is true for new homeowners as well.

We have also put forward a budget beyond keeping property tax increases to the rate of inflation that does invest in things that our residents need. The TTC's operating budget this year is nearly $2 billion, one-fifth of our overall operating expenditure. Because our residents rely so heavily on the TTC, we are spending $80 million more than last year—the largest increase in many years. You have heard various words that get thrown about that have to do with cutbacks. Eighty million dollars as an increase is not any kind of a reduction. It is an $80 million increase.

It is exactly what it is set out as being. The 2017 budget also invests $185 million to make Toronto more affordable for low-income residents. For example, it adds 300 childcare subsidies so that more people can afford to go back to work or to school and make sure, at the same time, that their children are safe and protected. It protects. There was some debate about this. I listened carefully to parents who spoke in that debate and to some of my council colleagues. It protects the occupancy grants for 350 childcare centres that provide that childcare for thousands of children in provincially operated schools so that the price of childcare will not rise for thousands of Toronto parents.

Our operating budget, at the same time, also reflects an impressive array of savings, about $191 million in total. Again, you heard quite a lot of controversy for the fact that I had the audacity to ask all of the agencies and departments of government to identify 2.6% in savings and efficiencies that they could bring about, if it was necessary. It was only to ask them to go through the discipline that I think everybody else in business and in their personal lives go through all the time, which can be phrased as, "If we had to make a sacrifice, what would it be?" You are best to ask that of the departments, rather than have it imposed by city councillors or by people in the senior ranks of the public service. Those lists were brought forward. Many of the things that were on those lists were not accepted—many of them.

But many of them were accepted to a total of $191 million. We went through this by going through the budget line by line, including all of the biggest budgets, like the police services and the transit authority. We were asking ourselves the question, "Is there a better way to do this?" What we have as a result, for the first time in 11 years and maybe the first time ever—and you have seen little notice taken of this, but it is a very significant accomplishment—the police budget, for example, which comes in at about $1 billion, is actually going down this year. It has not gone down in 11 years, and maybe it has never gone down. We just do not have, necessarily, the ability to calculate on an apples-to-apples basis. It is going down without affecting community safety or community policing.

Across the city divisions, we are getting smarter and leaner and more efficient. We are modernizing government to take away this tendency to do things with clipboards and pens and move to the digital world, where the City was actually running behind many organizations outside of government.

The size of the government workforce will shrink by more than 400 people this year through attrition, and we are moving to reduce, again, by attrition, the ranks of management over the next three years by 10%.

You know, people in this room and lots of other people know, because they have been through the experience, this can be done by looking at ways to be more productive and to have existing managers be able to accomplish more, sometimes with the help of technology.

We are using technology to serve the public more efficiently, making up for literally decades during which the City government did not invest adequately in more efficient, customer-friendly delivery of services; for example, the Toronto Public Library, which is the largest public library system in the world, I am proud to say, will receive an increase in its budget this year—again, contrary to what you might have heard. It is also one of the most innovative agencies that we have. It is going to save more than $1 million over the next two years by doing something as simple as letting people pay their fines at self-check-out stations. People do this because they do not want to have a record of not paying their fines, obviously.

The TTC is going to save $300,000 a year by doing something that a lot of the organizations you are involved with did a long time ago. They said to people in many of the parts of their field staff, "You will get a TTC-paid landline or a TTC-paid mobile phone, but not both." I think nowadays you know from even the habits of your own kids, certainly the same as mine, a lot of them choose not to have two phones. They have one, and it is usually the mobile phone. This kind of modernization allows us to avoid cuts in expenditures, and in investments, on things that help support families and kids and allow us to do more to help those families and kids because we look for these efficiencies as part of an exercise that says you must do this as part of the budgeting process. The budget does not cut funding to the arts and culture. It does not cut security for Toronto community housing. It does not cut library hours. It leaves every shelter the City currently funds, open, and funds several new ones, which have been opened in recent weeks. I know that, because I have visited them to see how we are doing in looking after those people who are homeless, sometimes on a temporary basis and sometimes for longer. The budget leaves all of the city's library branches open, many of them now with expanded hours and program offerings, because we have found especially in some of the neighbourhoods that need extra support, the library can be a very important community hub where it is more than about reading materials and research; it is about language programs and programs to help kids and families, including a lot of newcomers, to our city.

I believe our budget for this year is sound; it is responsible; and it is caring. It reflects the complexities of our city that I referred to earlier and the budget realities of an organization with limited sources of revenue. I am proud of the budget. I am proud of the work that Gary Crawford and the members of the Budget Committee have done and of the work that went into it by our public service as well because I am committed to listening to all the people of Toronto and finding a way forward that is in the best interest of our city, and that maintains and expands the vital services that we provide. That is one of the other reasons that I am proud of this budget.

Simply put, I have to believe that we have come close to achieving the balanced outcome that we sought, and I think that most of the people of Toronto would want us to achieve when, on the one hand, I have a small group of council critics who say we are not spending enough and who call on us for huge property tax hikes to make up for that, while on the same day, another group of city council critics say that we are spending too much and call for massive cuts to transit and childcare.

I have to believe that when those two groups, on the same day, both speak and say, on the one hand, "You are not spending enough; spend more and increase taxes a lot more," and, on the other hand, there are groups that say, "Taxes are too high. You are spending too much; cut childcare and cut transit," that we have probably arrived at just about the right place, if you really look at the best interest of the people of Toronto. I could name names of people who did that in the last couple of days, if you wish, but I will not.

C'est un budget qui reflète l'équilibre que le genre attend. Les impore est feible les economie realize et les investisment jou di jour dans les priorite com les transport, en commune, le longement et la guarde d'enfant.

I think we have listened carefully, but as I listen and do my part to represent all of the people of Toronto, I would hope to be listened too as well, as the head of City Council, the elected mayor representing, from across the city, representing all of these people.

The Toronto region is home to 20% of all Canadians. The region generates more than 18% of the total national GDP, and our population growth is three times larger than the city of Calgary, yet we make up just 1.3% of general government expenditures in Canada. As Maclean's magazine recently put it, and I quote, "Toronto's future is underfunded, and that needs to change." I am disheartened, in fact, by the fact that David Crombie stood here in 1974 and talked about the same thing, this kind of paternalistic relationship that exists, especially, between the provincial governments across the country and the big, sophisticated accountable cities. The city of Toronto and its government are bigger than many provinces in this country, and yet I spend a huge amount of my time scrambling up the street to ask for permission to do this or that which is clearly in the best interest of the city, and where I am prepared with my colleagues to be held accountable for those decisions in elections that we face and that are every bit as rigorous as elections that are faced at that level of government.

Last year, the City of Toronto tried to take some responsibility for correcting this balance. We tried to take some responsibility ourselves for that. We put forward our own plan to raise revenue and invest in our city's needs, a plan to build and an honest plan to pay for that building, because I was prepared to stand up, and my colleagues stood up with me to say, "Let us be honest with people. If we want to build transit, if we want to fix housing, if we want to provide for the needs of our citizens, it is not free, and we are going to have to pay for it and make sure we then responsibly steward those resources." At the city council, 33 councillors representing diverse neighbourhoods from across Toronto and from all ends of the political spectrum voted in favour of road tolls and of a hotel tax and of the end to our city's outdated vacant property rebate. That was a very rare 80% consensus of the city councillors voting thing that day, and it is especially rare when it comes to revenue measures. Once, about a couple of years ago, before my time as Mayor, they spent a whole day debating various revenue measures that could be undertaken to address precisely what I am talking about and had the raw courage to vote down all 11 and opt for none.

This plan would have helped us to address not only our ongoing operating pressures while also giving us a source of revenue to leverage for investment in large-scale capital projects such as transit and housing. As you know, a request to introduce tolls under the City of Toronto Act was denied by the Province of Ontario. Our hands have been tied, but our needs have not been met. We expect more. A city that generates so much economic prosperity for our country and for our province, especially when it is denied the opportunity to address its own finances, cannot continue to receive so little investment in return.

Toronto is home to nearly three million people. We are the corporate and innovation headquarters of our country. We have millions of transit riders every day. I have said before when people say, "Well, you are asking for special treatment for Toronto," I will say, "No, I am prepared to be treated the same as any other city in Canada that has millions of transit riders every single day, and I will be treated the same as any other city in Canada that has 58,000 units in its housing corporation, the second-largest landlord of its kind in North America." Our residents are creating jobs and industries; they are curing diseases; they are selling in the arts; they are helping solve problems to the benefit of our country and our province, as a whole. Our city is among the most admired and livable in Canada because people have made those investments over time and taken those decisions. We are Canada's champion. We are Canada's champion. We continue to attract from around the world, as you know, whether it is in healthcare or technology or education or anywhere else, the best and the brightest from around the world. This is a place that is a magnet for talent and for job creators and for risk-takers to come and create wealth in our country for the benefit of the whole world, but certainly of the benefit of Ontario and of Canada.

In this year's federal budget, I believe that the prime minister and his team will announce funding for the second phase of its national infrastructure program and that funding and the way it is done will demonstrate an understanding that Canada cannot succeed without the success of its cities in which 80% of its Canadians live. The prime minister knows that investing in cities like Toronto and Vancouver and Montréal and Edmonton and Calgary, will benefit our entire nation and people who live in every corner of this country. Even federal government money and understanding are not enough on their own. When the second phase of these investments are announced by the federal government, I believe very strongly that the provincial governments must be held to account, all of them, including Ontario. Provinces must be held to a matching ratio for infrastructure projects so that every level of government is invested in the success of those projects, including in the cities.

I expect the Government of Ontario to cost-share phase two of the federal government's transit infrastructure funding, including projects in our case, like the Eglinton LRT, the Eglinton East LRT, the Waterfront Transit and the Relief Line.

I also expect the province to cost-share long overdue investments in social housing, including the staggering repair backlog of Toronto Community Housing, which houses some of our most vulnerable residents.

And so far, that repair bill has been addressed largely by the city of Toronto taxpayers alone, so you know the scale of our investment, out of city funds this year, will be a quarter of a billion dollars in those repairs borne alone, virtually alone, by city taxpayers.

I would also expect the province would contribute land for affordable housing, so we can create more options for young people, so, in turn, they can continue to build their lives and their careers here, in the city of Toronto.

The province must also commit to helping us pay for two of the region's key transportation corridors, the Don Valley Parkway and the Gardiner Expressway, which currently are 100% funded by city of Toronto residents. These roads were downloaded to the city many years ago. If it was important to protect 905 residents by denying tolls, then I believe it is important for the province to help fund those roads, which are used by so many 905 residents. That was part of the thinking behind the road tolls: It is a user fee, which I think in many, many cases is a fair way to help finance things, but, in this case, there were also many of the people using those roads, which were paid for by city of Toronto taxpayers and to which those people from 905, with the greatest of respect, did not make any financial contribution. These, as we all know, are regional roads, not city roads, and they should be treated accordingly by other governments in this region and in this province.

I would say to you, ladies and gentlemen, very simply put, it is time for political fears to be put aside because let us not make any mistake about it: What stops people from acknowledging the importance of the city of Toronto to the economy of this province, the importance of investing in the city of Toronto for the benefit of the Province of Ontario and from acknowledging the fact that Toronto's problems are deeper and more complex because of the size and scale of the city is fear. I am referring to the political fear of looking like you are doing "too much" for Toronto. I think it is time for those fears to be set aside, especially, by the Province of Ontario and be replaced by bold, honest acknowledgment of the special role and the huge economic importance of Toronto to the Province of Ontario and to all of Canada.

I know that such an acknowledgment and the money which must accompany it are not popular outside of the city, but Ontario's golden goose must be nurtured, not ignored, if Ontario, as a whole, is to prosper. I think that you could get up easily with a little bit of courage and a little bit of forthrightness and talk about the fact that these investments in Toronto will pay big dividends to all of Ontario and will finance activities as Toronto presently does for lots of people in other parts of this province and other parts of this country.

As we conclude Toronto's 2017 budget, I look forward to seeing federal and provincial budgets that reflect and address Toronto's distinct contributions, its unique circumstances and its priorities. Toronto represents a huge opportunity for Ontario and for Canada right now. Right now, we are at a moment in time where the world is watching the way we live here together, which is different.

We are telling a different story about how things can be done in terms of how we live together and celebrate each other's differences and how we take this amazing mosaic of people from around the world and, instead of finding out or determining what divides us, we determine how those differences can benefit us, how we can learn from each other, how we can take the sum of the parts and make it more than just what simple addition would make it.

Uncertainty and anxiety in many corners of the world make locating in Toronto, a true global metropolis, a real option for many talented risk-takers and thinkers and job creators. Let us not blow it by letting small-ball politics get in the way of big, global thinking for Toronto. Let us not leave ourselves open to the divisions and the polarizations we see elsewhere because people conclude that the biggest and more remote of governments do not really understand their needs in their communities, including big communities, like the city of Toronto—needs like transit and needs like housing and needs like childcare. Toronto is a city that has rejected and will continue to reject this approach that creates the seeds, that lays the seeds for division. I am a mayor who has rejected this approach that relies on, or tries to in any way nurture or foment division. I do not believe this city benefits from rhetoric that pits people against each other or which undermines Toronto's potential for greatness. I believe that we must concentrate, instead, on city building and on moving forward together as One Toronto where we forget about the old debates of the past that happened not very long ago—like when about two and a half years ago, you were pitting Scarborough against downtown or North York against Etobicoke. There is no place for that. That is not going to move us forward.

I will continue to try to lead a city, with my colleagues, where people care about each other, where our differences are celebrated as a source of strength and where our money is invested wisely for the greatest public good. I look forward, with my fellow councillors and with all levels of government, to achieve what is best for Toronto because I honestly believe in my heart—and I know you can discount for the fact there is a bias because I am a lifelong Torontonian and its mayor—that as Toronto thrives and grows and sets an example for the world, that is good for Ontario, and that is good for Canada. I am all about building up Ontario and building up Canada through doing what I can, together with all of you, to build up Toronto.

Thank you very much for your time.

Note of Appreciation, by Colin Lynch, Senior Vice President, Strategy and Growth – Executive Office at Greystone Managed Investments; First Vice President, Empire Club of Canada

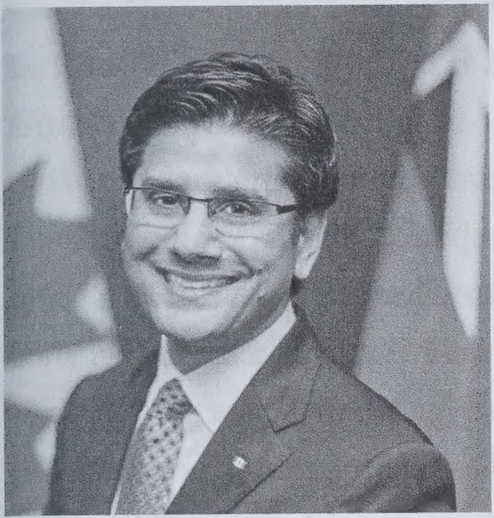
It is a pleasure to deliver these remarks of thanks, particularly, as I have had the pleasure of knowing the Mayor for several months in several settings, including Toronto Community Housing.

He is an inspiring example for us all. I can think of few harder-working individuals who care and few harder-working caring individuals with principles in public life, than John Tory. We have had the benefit of listening to a principled and balanced approach on finding savings and funding priorities. We have listened to a man with deep passion for our city and for its future. I would like to thank the Mayor on behalf of our Club, not simply for delivering a great speech, but for being a principled leader and a visionary for our city. Thank you.

Concluding Remarks by Paul Fogolin

Thank you, Colin. I would like to thank our sponsor for today's lunch. We are a not-for-profit club, and we could not do what we do and host such great speeches without support. Scotiabank—let us give them a round of applause for supporting today's event. I would also like to thank our print sponsor, the *National Post* and our media broadcast sponsor, Rogers TV, for supporting this event. Although our Club has been around since 1903, we have moved into the 21st century and are active on social media. On your program, you can see we are active on Instagram, Twitter, Facebook and, now, recently, Snapchat, which I do not even know how to use. But we are on Snapchat, so check it out. I would love for you to join us at some upcoming events. We have, on February 21st, the Attorney General, Minister Yasir Naqvi, at the Arcadian Court. We will have the Minister of Health, Dr. Eric Hoskins, on March the 2nd at the Intercontinental Hotel. Finally, on March 7th, there will be a very interesting conversation between Christopher Wein, President of Great Gulf, and Jennifer Keesmaat, Toronto's Chief City Planner, on the future of communities.Thank you, once again, for joining us today, on Valentine's Day, of all days. We should have set up a little speed dating event but missed the opportunity. Perhaps, next time. This meeting is now officially adjourned. Enjoy your afternoon and, thank you, once again, for coming to the Empire Club of Canada.

The Empire Club Presents



HONOURABLE
YASIR NAQVI

ATTORNEY GENERAL, ONTARIO

February 21, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Hope you enjoyed your lunch. From the Arcadian Court in downtown Toronto, welcome, once again, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our broadcast on Rogers TV, our podcast or webcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests.

I would ask that each Head Table Guest rise as their name is called. Usually, this is when I say refrain from applauding, but we do not do that this year, so, clap away as much as possible for every guest. Show them the love.

HEAD TABLE

Distinguished Guest Speaker:

Honourable Yasir Naqvi, Attorney General, Ontario

Guests:

Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation; Director, Empire Club of Canada
Mr. Stephen Chedas, Legal Counsel, Carpenters' District Council
Mr. Sunil Kapur, Partner, McCarthy Tetrault
Mr. David Leonard, Chief Executive Officer, McCarthy Tetrault
Mr. Gord McGuire, Partner, Adair Barristers LLP; Director, Empire Club of Canada
Ms. Debbie Oakley, Executive Director, Innocence Canada
Ms. Paula Osmok, Executive Director, John Howard Society of Ontario
Mr. Paul Schabas, Treasurer, Law Society of Upper Canada
Mr. Awi Sinha, Partner, McCarthy Tetrault.

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President this year at the Empire Club of Canada.

Ladies and gentlemen, your Head Table for today.

On October of 1986, we had the pleasure of hosting the late Ian Scott here, at the Empire Club.

As Ontario's Attorney General, at the time, he began his remarks by acknowledging that this province and, indeed, this country, has long enjoyed one of the finest criminal justice systems in the world. He focused the remainder of his speech, however, on his efforts to work towards evolving the justice system to meet the expectations of a public that had grown disenfranchised and dissatisfied, and I quote, "Increasingly, the average citizen has begun to believe that the present system fails in its ability to perform legal functions in a satisfactory way. Many believe police investigations to be lengthy, unproductive and sometimes oppressive. Others believe the trial process to be long, too expensive and unfairly delayed. These delays are largely a product of a growing complexity and length of criminal trials."

The justice system has evolved significantly in the years since Minister Scott's remarks, but there is still much to be done. Our guest of honour today is working hard to continue in the legacy of Minister Scott and those who would come after.

Today, Minister Naqvi will be addressing an issue that has been making headlines across the country in recent months as the growing list of serious criminal cases have been thrown out by the courts due to delays in the system. The landmark decision of the Supreme Court of Canada in *R. v. Jordan* is having a profound impact on our justice system. We look forward to hearing what Ontario is doing to confront the challenge, and what more the Attorney General thinks should be done as we look towards the future.

A first-generation Canadian, Yasir and his family arrived in Canada in 1988 after the Pakistani government imprisoned his father for leading a pro-democracy march. With an upbringing deeply rooted in the values of democracy, social justice and compassion, Yasir feels it is important to be involved in the community and to give back.

His passion to serve his community resulted in him being elected as MPP in October of 2007. He would be re-elected in 2011 and, once again, in 2014.

Currently serving as Attorney General and the Government House Leader—and, by the way, it is the first day back for the House session, so this is very impressive to have him here—he last served as Minister of Community Safety and Correctional Services and, before that, as Minister of Labour.

Perhaps, most importantly, Yasir is the proud father of two adorable children, Rafi and Elliana, and husband to Christine McMillan. Ladies and gentlemen, please, join me in giving a very warm welcome to Ontario's Attorney General, the Honourable Yasir Naqvi.

The Honourable Yasir Naqvi

Well, thanks, Paul. That was a very kind introduction. I really, really appreciate it. I want to thank all of you for being here today.

Before I start, I do want to recognize the presence of my colleague, our new MPP from Ottawa–Vanier, Nathalie Des Rosiers, who is the former dean of the Faculty of Law at the University of Ottawa, my alma mater. Nathalie, thank you for being here. And I would be remiss to also thank my very good friend, the former Attorney General of Ontario, Chris Bentley, for his presence as well. Thank you, Chris for being here. I hope Chris does not think, "*I* could have given that speech back then." We made progress, Chris.

Thank you to the Empire Club for providing this forum to ministers like me. We can speak our mind on the issues that are top of mind for people we serve. That is why I am here today. I want to talk about a serious challenge to our justice system. It is one I know we can overcome, but, right now, this challenge is having a very direct impact on people's lives.

First, let me tell you why I deeply value and believe in our justice system. As you heard, my family and I came to Canada 29 years ago. We moved to Niagara Falls, Ontario. When you are a newcomer, you are hungry for knowledge about your new home, and you want to play a part in making it even better, so, the first two cards that my family and I signed up for were a library card and a Liberal Party membership card. The first card was the gateway to learning about our new community, and that is what I did at the library. And it was free! Remember, my teenage wallet had only two things in it. Neither of them was cash, but my parents knew that it would be time well spent, and we would gain valuable knowledge. That knowledge is what led to the second card, the Liberal Party membership. It was a pathway to contributing to the future of our society. And, for my family, this was profound because we were finally in a country where it was not illegal to join a political party.

As many of you may know, my father had been in prison in Pakistan. He took part in a political rally, the movement for the restoration of democracy. When I was ten, I hugged him goodbye at the door. We knew he might not come home that day, and he did not for nine months. He was arrested and sent to prison hundreds of miles away. Of course, my family and I missed him dearly at that time. I do not think there was a single Friday we missed visiting him.

His crime was seeking the people's right to vote. For this, he was jailed. So, we came to Canada, where my family could pursue a passion for political activity. In fact, my father and brother also run for office as NDP candidates. Yes, I am the red sheep of the family. Let me tell you, at our family dinners, the biryani comes with a side of politics. The food is spicy; the debates get even hotter. Yes, some of them are NDP, but they are family, and I cannot give up on them, and they will not give up on me. In fact, those respectful differences are what make Ontario great: You can be the person you are with the people you love; you belong in a community that welcomes all and that values all contributions.

As the Attorney General of Ontario, I feel a profound sense of pride and responsibility as the Administrator of Justice in one of the world's great civil societies. Here, justice is independent of government and served in trust with citizens. The *Charter of Rights and Freedoms* protects individual rights. Our rigorous system of appeals up to the Supreme Court of Canada ensure the rights are upheld. So, it is with humility and respect that, as Attorney General, I speak today about the impact of recent Supreme Court decisions on the administration of criminal justice in Ontario.

Many of you, I know, are familiar with the *Jordan* decision. It is a gamechanger. The Supreme Court's majority decision set out a new and clearly defined framework for protecting the constitutionally guaranteed right to be tried within a reasonable time under Section 11(b) of the *Charter of Rights and Freedoms*. For the first time, we now have a numerical presumptive ceiling on Provincial Court cases of 18 months, and a ceiling of 30 months for Superior Court cases. When cases exceed these thresholds, judges may order a stay of proceedings and charges may be dismissed. Wherever possible, crown attorneys will rebut the argument of unreasonable delay by citing delay costs by the defence in exceptional circumstances to prevent cases from being stayed. This can be a challenge, however.

Under the *Jordan* framework, courts will no longer consider whether delay has caused actual prejudice to the accused. Prejudice is not presumed by the passage of time. Courts will no longer distinguish between the most serious cases, such as murder, and less serious cases in determining whether to issue a stay.

In recent weeks and months, Ontarians have been reading media stories about judges citing this ceiling and granting stays of proceedings. This has affected a murder case in Ontario. It has affected a case of sexual assault on a child. Another case involved assault against an infant. These stays of proceedings have caused some real, emotional pain and community anger. Another case involved a young person who died in a correctional facility, so the presumptive ceilings are not just impacting the accused; we *all* feel it. It impacts trust and confidence in the administration of justice.

Let me be clear. The Supreme Court, in its wisdom, has ruled on an issue that clearly needed to be addressed. The pace of criminal justice system is too slow. Criminal cases are taking too long. Prompt justice is a Charter right. Our criminal courts are bottlenecked. Daily dockets are jammed. Early trial dates are hard to come by. Lengthy delays are hard on victims and families. Delays leave everyone involved in a kind of limbo. Lengthy delays do not fulfil the right to prompt justice called for in the *Charter*.

Delays give the public a sense of dysfunction in the courts. This erodes public trust.

The Supreme Court spoke on the issue, as it is their right and obligation to do. I quote, "All the parties were operating within the culture of complacency towards delay that has pervaded the criminal justice system in recent years. Broader structural and procedural changes, in addition to day-to-day efforts are required to maintain the public's confidence by delivering justice in a timely manner." I agree, it is time for reform. It is time for change. The Supreme Court made it clear that the bar, the courts and governments can no longer operate business as usual, and complacency will not be tolerated. That is why, in Ontario, since *Jordan*, we have been taking action. We have made new investments and strengthened day-to-day action to complete trials. We are looking at broad procedural changes to make the system more efficient. I will talk about these in a moment.

First, when I look at how the *Jordan* decision is being applied, I have two questions, as Attorney General. One, what has been the impact of *Jordan* on Ontario's criminal justice system so far? When the Supreme Court released its judgment eight months ago, there were already thousands of cases in the system that were at or very close to the new presumptive ceiling. For those cases already in the system, *Jordan* was like changing the rules of the game in the middle of the third period, except criminal justice is much more serious than hockey. That is why, in its majority ruling, the

Supreme Court went out of its way to recognize that there must be a transition period for cases already in the system. During this transition period, the courts said, and I quote, "There are a variety of reasons to apply the framework contextually and flexibly for cases currently in the system, one being that it is not fair to strictly judge participants in the criminal justice system against standards of which they had no notice. The system is going to need time to adjust to the new rules." However, I am concerned that the court's guidance is not being applied evenly across Ontario or across Canada. Instead, we are already seeing some of the most serious and challenging cases in our system affected. These cases had no ability to adjust when the rules were changed. As a result, a Supreme Court decision that rightfully sought to create clarity and restore faith in the system may, in fact, be having the reverse effect thus far.

My second question is this: How did the *Jordan* decision impact the people, in particular, victims, in this province? As Attorney General, I am acutely aware of the pain and sadness that is caused when a case is stayed. Unfortunately, we have all had occasion to hear too many of these stories in recent months. Families of victims have shown up in court for the start of a trial. This is already a highly emotional and potentially traumatic event. Their trauma is then deepened when it is announced that there will be no trial at all. Victims, families, witnesses in the community are now dealing with a whole new set of emotions.

It is my sincere hope those families affected can find peace. They may never feel a true sense of justice. There will be no testimony in court. No verdict will be rendered. Importantly, the accused is also denied their day in court. This is not building trust; it is eroding trust. This is not reducing the impact on victims and families; it is re-victimizing. To ask the public to understand such a legality is, frankly, asking a lot. I feel this acutely, not only because it happened during my time as Attorney General, but because it has happened in my own community of Ottawa.

Ontario is, of course, responding to the *Jordan* challenge. The judiciary, crowns, the defence, bar, Legal Aid, our hard-working core staff are coming together to identify, triage and resolve as many cases as quickly as possible. Charges laid today, in Ontario, will be prosecuted with an understanding of the ceilings set by the Supreme Court. We are also adding people. This is meant to keep the number of stays of proceedings as low as possible. We are appointing 13 new judges to the Bench of the Ontario Court of Justice. We are adding 32 assistant crown attorneys to our ranks. We are providing funding to Legal Aid Ontario for 16 duty counsel. We are increasing support with 26 new courtroom staff. For the last three years, we have increased access for Legal Aid by 6% and will be doing so, again, this year.

We are ensuring that cases are resolved faster by having more assistant crown attorneys working on them, and more judges to hear them and more accused with legal representation.

We also need to ensure time and resources can be dedicated to the most serious cases by dealing more efficiently with the less serious cases at the front end of the system. The Minister of the Attorney General is implementing new measures to administer bail more efficiently in Ontario. Vulnerable, low-risk people in our correctional facilities should be out in the community on bail. Too often they are not because they lack the right supports. A disproportionate number of them are Indigenous or racialized or have complex mental health needs. In fact, remaining in custody can impact their income or interrupts care and other supports. Holding them in jail places a huge financial burden on the entire justice system. At the same time, high-risk accused who should be in correctional facilities until their trial are waiting too long for their day in court.

We are falling through on a comprehensive plan to enhance public safety and make the justice system work better. We are getting the right people in the right places to support faster, more effective bail decisions. This means high-volume courts will have bail vetters specially trained and empowered crowns who can ensure timely informed bail decisions. We are also embedding experienced crown attorneys in police stations to provide early advice on bail in cases concerning vulnerable accused. We are putting more duty counsel in correctional facilities to move low-risk people to a bail hearing sooner. Expanded bail verification and supervision will get more people safely and quickly released into the community.

A new Indigenous bail and remand program will be run by Indigenous service providers. It allows low-risk accused to remain in their communities while awaiting trial, including remote communities. There will be more ideas to come. We have also appointed three prominent legal experts to offer their expertise on reforming Crown policies on bail: former Chief Justice Brian Lennox, former Deputy Attorney General; Crown Attorney Murray Segal, who is here with us today; and Deputy Crown Attorney Lori Montague.

These measures are all in the spirit of the Supreme Court majority's concluding statement in the *Jordan* decision, which said, "Ultimately, all participants in the justice system must work in concert to achieve speedier trials. After all, everyone stands to benefit from these efforts. Timely trials are possible. More than that, they are constitutionally required." Of course, in our federation, all participants in the justice system should include the federal government. They have a role in meeting obligations that are constitutionally required.

The Senate Committee on Legal and Constitutional Affairs has made very valuable contributions to understanding issues around trial delays. They have been clear that federal action is needed. The Supreme Court in *Jordan* was clear on this point as well.

I have three requests to the Federal Minister of Justice. First, fill the 11 vacancies on the Superior Court Bench in Ontario. This was a problem before the *Jordan* decision.

It is absolutely critical now. At a time of great need, we are losing hundreds of hours of judicial time every month across the Superior Court of Justice due to these lingering vacancies. Senator George Baker, the senate committee deputy chair, put it this way: "The combination of an excessive number of vacancies, along with the deadlines set by the Supreme Court has created the perfect storm. The government must act quickly to fill these vacancies in order to maintain public confidence in the justice system."

Yet, simply adding resources to the system will not address all of the delay issues. We need to make bold changes to speed up and simplify the criminal court process. That is why I wrote to the Federal Minister of Justice today and set out my second request, which is to pursue some very specific changes to the criminal court as part of the minister's forthcoming criminal justice review. It is our view that the long-held rationales for preliminary inquiries simply no longer exist. I have, therefore, asked the minister to consider Criminal Code reforms that will significantly curtail the use of preliminary inquiries in criminal cases destined for the Superior Court. Third, the Minister of Justice should convene a special meeting at the earliest opportunity with provincial and territorial attorney generals to discuss the *Jordan* decision and its implications for criminal justice in Canada.

Let us be honest, there will be more stays of proceedings. Many applications are before courts across Canada. The Supreme Court minority in the *Jordan* decision said that that the new framework and transition provisions will not avoid the risk of many stays of judicial proceedings. Collectively, we need to reassure Canadians that we are working to ensure this does not happen. A national meeting will send a clear message to victims, their families and all Canadians. That message is, "We hear you; we know this is unacceptable. We are acting on it. The justice system in Canada can do better."

As Attorney General, I want to ensure Ontarians that we will do everything possible in this province to avoid stays of proceedings, especially, in serious cases. We have some questions about *Jordan* and its application. The long-term impact of the decision is not yet fully clear. We do know one thing: Action is needed. We need to ensure justice is delivered more efficiently and promptly. We need people in the justice system working more effectively together, seeing cases involving murder and other serious offences stayed, seeing added pain brought up on victims and families, seeing the frustration in communities and the eroding trust in society, these all remind us that justice delayed is, indeed, justice denied, not just for some, but for us all. This is among the fundamental principles that hold our great society together. Ontarians must feel confident that prompt and proper justice will be served, and that is what we will do.

Thank you very much for your time.

Note of Appreciation, by Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation; Director, Empire Club of Canada

Thank you, Paul. Mr. Naqvi, distinguished guests, my name is Thomas Chanzy, and I have the privilege of being a Director at the Empire Club of Canada, in addition to my day job as Vice President of Public Affairs at the Ontario Trillium Foundation. And that means that I am one of the very few non-lawyers in this room, and I speak French. Needless to say, I think your remarks will be special.

I will start by thanking all of you for joining us today to listen to our Attorney General and learn from him about the important challenges he is tackling every day to improve our justice system.

Mr. Naqvi, we have known each other for a long time—many years—and it is my pleasure and also an honour to thank you on behalf of the Empire Club of Canada and today's attendees for your time and your insights on the state of our criminal justice system.

The monumental decision of the Supreme Court of Canada in the *Jordan* case is shaping a new future to our justice system. We thank you for shedding light on what you believe needs to be done to address the challenges the judicial system faces. As you highlighted, we know it is not working for everyone. This is not the time to assign blame or figure out whose fault it is. The time has come to act, and I want to thank you for your remarks today. Your work is of the utmost importance, and we thank you for dedication and compassion. Ontario has a powerful voice, and I am sure I speak for everyone here when I say we are greatly looking forward to seeing what you and your government do to ensure that we, as Canadians and Ontarians—specially the most vulnerable among us—enjoy the benefits of a fair and just society.

Merci beaucoup tous les Ontariens, Canadiens. Merci.

Concluding Remarks, by Paul Fogolin

Merci, Thomas. I will spare you my French, do not worry. A sincere thank you to our generous sponsors. As a not-for-profit club, we simply could not host these important lunches without sponsors. I want to give a very generous thank you to McCarthy Tetrault and our VIP sponsor today, the Carpenters' Union. Let us give them a round of applause, please.

I would also like to thank the *National Post*, as our print media sponsor, and Rogers TV, as our broadcast partner. We would also like to thank mediaevents.ca, Canada's online event space for live webcasting today's event to thousands of viewers around the world.

Although our Club has been around since 1903, we have moved into the 21st century, and we are active on social media. We actually have a Snapchat account now, which I do not even know how to use, but others do. Please, check out our website. On our program today, you can see that we have Facebook, LinkedIn and Instagram accounts.

Finally, we have a very exciting lineup coming up in March and April. Please, join us for these events. Our next event is on March 2nd: Dr. Eric Hoskins, Ontario's Minister of Health, will be speaking at the Intercontinental Hotel. On March 7th, we will have Christopher Wein, who is the President of Great Gulf Developments, in conversation with Jennifer Keesmat, Toronto's City Planner, on the future of communities.

Finally, on March 9th, we have a panel on doing business with the new America, something everybody is interested in. Speakers will be members of the auto sector, the finance sector and the agriculture sector.

Thank you so much for attending. As Thomas said, we really appreciate your participation in our events. Have a wonderful afternoon. This meeting is now adjourned.

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THE EMPIRE CLUB OF CANADA

President Paul Fogolin participating in the Empire Club's traditional guest book signing with Deryn Lavell, Head of School, The Bishop Strachan School on September 29, 2016.

THE EMPIRE CLUB OF CANADA

Introductory remarks made by President Paul Fogolin at an April 7, 2017 luncheon event featuring Kevin O'Leary, Conservative Party Leadership Candidate.

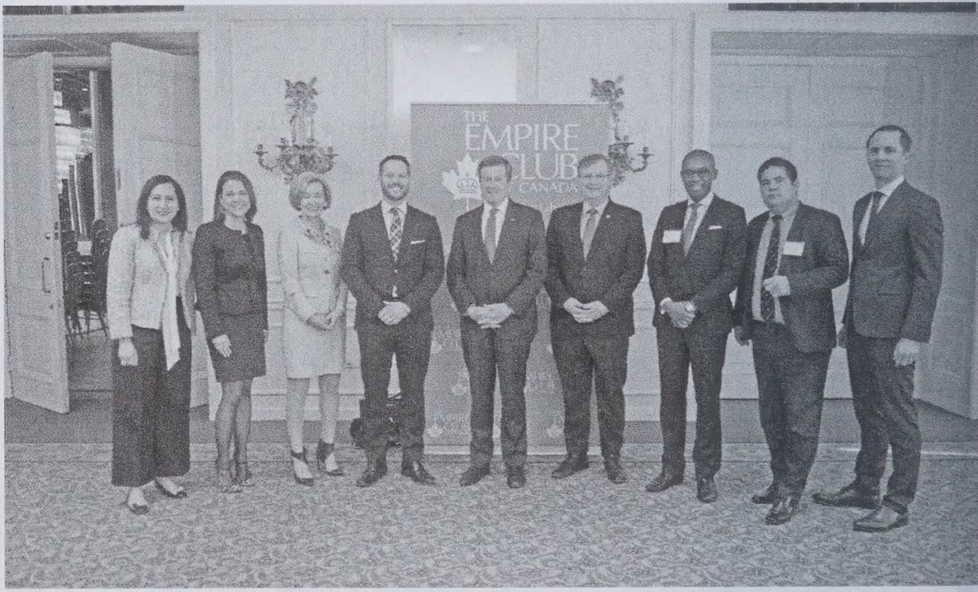
THE EMPIRE CLUB OF CANADA
EMPIRE CLUB

A September 19, 2016 panel discussion entitled The Next Generation of Leaders, featuring panelists Andrea Cohen-Barrack, Sevaun Palvetzian, Daniele Zanotti and moderated by Valerie Chort.

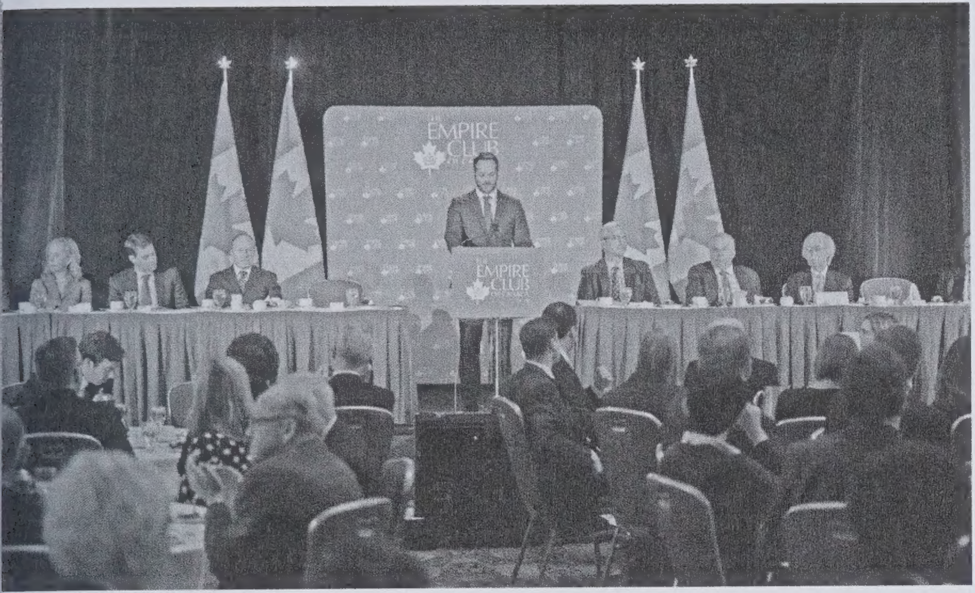
EMPIRE
ED BY

MPP Patrick Brown, Leader of the Ontario Progressive Conservative Party, shaking hands with President Paul Fogolin following Mr. Brown's speech on October 6, 2016.

President Paul Fogolin, Ambassador David MacNaughton, Canadian Ambassador to the United States of America and Michael White, President and CEO of IBK Capital Corp pay tribute to Canada's 150th anniversary at a January 30, 2017 luncheon event.



Head table guests pictured at a luncheon event featuring His Worship John Tory, Mayor of Toronto, prior to his remarks to the Empire Club audience on February 14, 2017.



President Paul Fogolin speaking at the Annual Investment Outlook luncheon featuring Ian Russell, Jonathan Lewis and David Rosenberg on January 5, 2017.

President Paul Fogolin pictured with The Honourable Bruce Heyman, American Ambassador to Canada, following Mr. Heyman's September 12, 2016 address to the Empire Club.

The Empire Club Presents

CHRISTOPHER WEIN IN CONVERSATION WITH JENNIFER KEESMAAT:

CITY BUILDING IN CANADA IN THE TWENTY-FIRST CENTURY

March 7, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the One King West Hotel in downtown Toronto, welcome to the Empire Club of Canada. For those of you who are just joining us through either our webcast or podcast or live on TV, welcome, to the meeting.

Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask that each of our Head Table Guests rise as their name is called. Typically, we ask the audience to refrain from applauding, but nobody ever listens, so clap as much as you want. It is more fun this way.

HEAD TABLE

Distinguished Guest Speakers:

Ms. Jennifer Keesmaat, Chief City Planner and Executive Director, City of Toronto

Mr. Christopher Wein, President, Great Gulf Residential, Great Gulf Group Limited

Guests:

Mr. Jason Lester, Vice Chair, Development, Dream

Mr. Daniel Marinovic, Chief Development Officer, Dream

Dr. Gordon McIvor, Communications and Public Relations Consultant; Past President, Empire Club of Canada

Ms. Amanda Milborne Ireland, Chief Operating Officer, Milborne Real Estate Inc.

Mr. Hunter Milborne, President, Milborne Real Estate Inc.

Ms. Jane Pepino, Partner, Aird & Berlis LLP

Ms. Antoinette Tummillo, Executive Vice President, Real Estate Management Services, Colliers International; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President for the Empire Club of Canada this season. Ladies and gentlemen, your Head Table.

Former Secretary General to the United Nations Ban Ki-moon had this to say about the future of cities: "Building sustainable cities and a sustainable future will need open dialogue among all branches of national, regional and local government. It will also need the engagement of all stakeholders, including the private sector and civil society." The Secretary General recognized that cities are being built in a significantly different way than they were even a generation ago. Both planners and developers spend more time thinking about macro-issues, such as climate change, traffic congestion and energy conservation. Each of these issues requires enormous amounts of study and thought, if the final product is to be progressive and economically feasible. It often demands more cooperation between cities and the development community.

Well, today, we are tremendously privileged to be joined by two global leaders in the art of modern city-building. One, an award-winning North American developer, and the other, one of the continent's most respected and well-known planners. Together, they will discuss what it takes to build a great city in 2017 and how new approaches to city-building are literally changing the way that urban Canadians live, work and play.

Christopher J. Wein is the President of Great Gulf. He leads the senior executive management team for all residential community, housing and high-rise development initiatives at Great Gulf, including construction and property management. With more than 20 years of senior leadership in the design and development industries, his work focuses on utilizing new technologies; sustainable, eco-friendly building solutions; and engineering ingenuity in the industry. Chris has spoken at industry conferences all around the world—in Shanghai, Dubai, New York, Dallas and all across Canada. Under his leadership, Great Gulf has been recognized as 2016's "Home Builder of the Year" and has received many top community and high-rise development awards.

Jennifer Keesmaat is Chief Planner of the City of Toronto. In this role, Jennifer is committed to creating places where people flourish. Over the past decade, Jennifer has been repeatedly recognized by the Canadian Institute of Planners (CIP) for her innovative work in Canadian municipalities. Most recently, Jennifer was named as one of the most influential people in Toronto by *Toronto Life* magazine and one of the most powerful people in Canada by *Maclean's*. Jennifer is the 2016 recipient of the President's Award of Excellence from the CIP.

Her practice is characterized by an emphasis on collaborations across sectors and on broad engagement with municipal staff, councils, developers and residents' associations.

Finally, I would like to welcome our moderator for today, which will be our Past President, Dr. Gordon McIvor. Gordon McIvor has a wealth of experience in the public real estate world and will lead our conversation today. Will the three of you, please, join me on stage.

Christopher Wein in Conversation with Jennifer Keesmaat

GM: Thank you, ladies and gentlemen, and welcome. It is wonderful to have you together again. I say "again" because I do not know if anyone in the room had the chance to see this particular panel on *The Agenda*, with Steve Paikin, a couple of weeks ago. I know the topic he addressed was not specifically about building cities in the 21st century and how it has changed, but I know you certainly got into it during that conversation.

I am going to launch a couple of questions to get the conversation going. Then, I will kind of step back, unless you get quiet, in which case, I will throw in a question. Then, at the end, ladies and gentlemen, we will take questions from the audience. If you do have a question at the end, there is going to be a roving mic. Just put your hand up, and Taylor will bring the mic over to you at the end of our session today. Let us get underway.

Obviously, I think everybody in the room probably has a base understanding of how planning, municipal planning, has changed since Baron Haussmann did his grand redesign for Paris well over a century ago. I am not sure everybody in the room would have a really great understanding of how city planning has changed in a generation other than the very obvious IT elements and the fact that we are more conscious about environmental factors today. These are the basic things that we all read in the media, but I shall ask you as an opening sort of volley to describe what constitutes the major changes in the past generation to the way that we are building cities in Canada and around the world today. Jennifer, do you want to start us off?

JK: Sure, that is a massive question. That is like a doctorate thesis. It is answerable, and for a very simple reason: You can capture the transition in planning in two key characters in 21st century city building, and that is Robert Moses and Jane Jacobs. Robert Moses was about big, sweeping revitalization plans, about big gestures, massive infrastructure investments. Of course, he ruled New York in the '60s, and his nemesis was Jane Jacobs who, in fact, responded very negatively. At first, she was a fan because he was focused on revitalization as opposed to the suburbs, but Jane Jacobs introduced the idea of, really, place, that there is something interesting and unique in the granularity that emerges when people and diversity are prioritized in place-making, and she brought that principle to city-building.

I really think those two key ideas in juxtaposition—and I would actually argue that the central values of those two philosophies—are still bumping up against each other in cities around the world, including in our own, where we continue to struggle with both. One focuses on planning around the car, and the other focuses on planning around people. One focuses on large infrastructure, the other focuses on a much smaller fine-grain understanding of the city. I think that really captures the two big ideas in city-building that are playing out in our generation and that are really in a deep fundamental conflict.

CW: I would concur with Jennifer. I think the challenge we have, coming at it from a developer's perspective, is the world moves too fast these days. What I mean by that has mainly to do with politics. Between communication technology and politics, we are now basically the sound-bite generation, and every politician—not to pick on any politicians that are in the room—needs to make their mark fast. You need to do something that is extremely almost populist in nature.

The challenge is that cities do not build fast. If you look at the great cities of the world, most of them are, in many cases, well over 500 years old. We look at the great capitals of Europe, et cetera, and we think these are wonderful cities. We love Paris, and we love Rome and so on.

Why cannot Toronto be that way? Well, 500 years ago, 300 years ago, even 100 years ago, the politicians were trying to do things that would leave great legacies and that would be generational moves.

I think today, everybody is trying to do something that will get them through the next three years, in the next four-year term. I am not blaming the mayor or city council. I am saying that this is happening all over the place. It is happening at a federal level. It is happening at a provincial level. We are seeing it play out right now in the United States of America with Donald-the-Populist-Trump. It is a real challenge because you do not put in infrastructure, subway systems and plan education programs, hospitals, communities in four years. You do not get a sense of place in a four-year term. You have to do that over 25 years and over 30 years and so on.

The other thing that is of major concern is, I think, that we are going to have a lot more change in the next 25 years than we had in the last 25 years. The last 25 years and, really, the last 50 years were dominated—and Jennifer mentioned it—by the automobile. The change is going to happen in transportation, and the change is going to happen with the sharing economy. That individuals own cars and believe that a two-car garage is the sort of Canadian dream, I think, is changing absolutely at light speed.

I think what is going to happen over the next 25 years and what our challenge is—in terms of both private industry and public policy—is to figure out where cities are going, and, more importantly, where the demographics are headed and what is happening with even the way the family unit comes together. I think that is what we should be looking at as opposed to focusing too much on the past.

JK: I will pick up on that because I think that you have hit the nail on the head. One of the intentions that we have in planning is that we are actually trying to look into the very long-term planning infrastructure for 20, 30, 40, 100 years when change is happening so quickly. How do you do that? Apparently, most of the jobs that our children are going to have do not even exist yet, so how can we even begin to think about what work spaces are going to look like and where people are going to live? It presents a fundamental challenge. Then, when you overlay that with the political pressure to do something now, it then creates, I think, a hotbed of risk.

CW: Absolutely.

JK: I think the only response to that can be to go back to our timeless principles of good planning and good design, principles that have stood the test of time and ensure that all of our decision-making continues to be rooted in those timeless principles of great place-making which, no surprise, Jane Jacobs actually articulated very well.

I will give you a really specific example because people say to me all the time, "Oh, are you planning for autonomous vehicles? Autonomous vehicles are going to transform our city." And I think this is just an incredible misunderstanding as to how technologies and tools work in a city because technologies and tools are an overlay. Cars do not change the city. Autonomous vehicles do not change the city. Our planning policies need to come first, and autonomous vehicles need to then *fit* within our vision of the kind of city that we are trying to create. You have probably heard it, people saying, "Autonomous vehicles are going to result in more sprawl." Well, only if we decide to plan for more sprawl. Only if that is how we decide to plan for more cars, then absolutely they will ruin our cities much like we have ruined many of our North American cities by planning highways and freeways and for the car today.

The inverse is if we say, "Wait a minute, what is the vision that we have of our city?" We know we want our cities to be green and sustainable. We know that the *best* way to do that is to make them walkable, to ensure that the first choice for getting to work or recreation is, in fact, to walk or to take a short cycling trip or to take transit. If we stick with those principles, then we begin to see autonomous vehicles as something that can overlay and contribute to that vision.

The biggest opportunity I see is that it means we will need a lot less parking.

CW: Absolutely.

JK: Because we will not be parking cars for 98% of the time, those cars will continue to function.

CW: Can you give me relief on all my parking for the current ten towers that I have under development? The interesting thing is we are quite obsessed with transportation, and we are obsessed with how technology has changed transportation, but we are actually missing the big change in technology because it really is not the transportation idea.

Why is transportation such a big deal, and why have we always obsessed over transportation? Because for the last 100 years, for the last 300 years, we have had to transport ourselves to get to work. We have had to transport ourselves to educate. We have had to transport ourselves to get healthcare. We have had to transport ourselves to play, to live, et cetera. What technology has unlocked is not the idea of autonomous cars. That is just more of a nice-to-have; it is a symptom. What technology has really unlocked is it allows all of us to do anything we want at any time we want, anywhere we want. That is truly what is going to revolutionize the cities.

We are seeing it already. As a private developer, we are seeing that the needs of office have changed dramatically. The needs of education have changed dramatically. I sit on one of the hospital boards—North York. I have to give a shout-out because they are in the audience. The needs of hospitals and health-care is changing. Now, we have homecare. You do not go to the hospital; the hospital comes to you. You do not go to school; the school comes to you. You do not go to work; you sit in Starbucks, and you work from there. That is where we really have to think about the big changes in planning.

The big changes in planning is that people are going to be able to accomplish more, do more and have much broader, more fulfilling lives in a much smaller radius. What does that do? That means more people are going to come together. That is why cities are expanding quickly. That is why densities are growing because people now can actually live within two or three city blocks, and they can accomplish anything they want. The amazing thing is that they all want to live together. Technology has brought us more together than apart. That is why there is this massive migration in the world. It is happening all over the world where cities are getting bigger and stronger, and the rural areas are getting weaker and less populated. That is going to continue to trend that way.

I think obsessing over things like autonomous vehicles and so on is actually wrong.

It is sort of looking at the shiny penny. What we really need to think about is how we design cities and how we design buildings and how we have buildings interact with one another where people can accomplish really a multitude of tasks and where they truly multitask. We have to build buildings that allow for multitasking.

One of the challenges we have with current planning principles and more so current approval process is that we are still very stuck on, “An office kind of has to look like this,” and, “A school kind of has to look like this,” and “A residential building has to look like this.” And they all have different parking ratios, and they all have different rules and regulations, and we try not to mix too many of them together because we do not really like that because it is tough for us to get our heads around. I think that is where great leaps and bounds can be made because we talk sometimes buzz words in the planning world, in the architectural world and development world: Mixed use, mixed use, mixed use. We really do not understand. We are at the very early stages of what true mixed-use development will look like. That is the future of our city and other cities. That is really understand how we are going to allow people the flexibility to do *whatever* they want to do within a very small footprint as opposed to still this idea: Go there to work; go there to shop; go there to eat, et cetera.

GM: Everybody in this room probably understands that there is a great advantage to the private sector and government having a common vision and respecting the priorities of the other side.

I once had the honour of sitting next to Jane Pepino at lunch, and she will remember, as I do, that there was a period where we were taking Jack Layton to the OMB every week in the private sector because he was trying to stop every development. Clearly, that was a period in our history, our city's history, where the private sector and the city did not have a shared vision in any way. Some people would submit that is still out there very much. My question to you both is how important is your relationship and how important is it to find common ground so that you could actually work together and you have a proper motive?

CW: Yes, I think it is incredibly important. We pride ourselves on trying to avoid the OMB process as much as possible. Great Gulf considers themselves a city builder. We operate in 22 cities across North America, and we believe that we have to partner with the cities. We need to partner with the administration. We need to partner with the politicians. We need to work together to build a better city. Working as adversaries makes no sense. I think the idea that everything is a fight is sort of an old-fashioned idea. I am not advocating that we should get rid of the OMB or the idea that that body should not exist because you always need adjudication, and you need to be able to resolve problems, but, I think that as a private business person and as a developer, I can make the conscious choice and the conscious effort amongst myself and my staff to say let us work on compromise; let us work on the overall net benefits.

I think that the real solution of working with the city is it is less about lawyering-up or figuring out how you are going to get into a fight, and it is more about having a better understanding of how your development, your building, your master plan community can have a net benefit for the overall city of Toronto or whatever community you are working in. If we can demonstrate that net benefit and demonstrate that we are doing things that will help with city-building—I have never found the City nor Jennifer, personally, to be difficult to work with. Where I think the difficulty comes is sometimes it is an issue of translation. If I am business, business, business, and she is planning, planning, planning, and we are talking a different language, then you can start to get into a head-butting situation. I do believe that we, as developers, need to think more about how we build the city. By the way, it also makes us more profitable. I honestly believe by compromising and by working together and by not fighting constantly, we actually make more money. I think it is a win-win.

JK: I will give a couple of pieces to respond to that.

The relationship is essential. When I started in this job, I did a little road show. I had a PowerPoint presentation that I did, and I talked about a shared vision for the city and our shared interests. I think that any time you begin with shared interests in a conversation, you can get to a great outcome. I had a negotiation last week with a developer who is working on a very big project. We really disagreed as to how to deliver this project. At one moment in the conversation, I stopped and said, "Let us hold back. What are we trying to achieve here? We *both* want an *exceptional* project that is going to be precedent-setting and is going to redefine the city." We both went back to—that is right—"Let us remember what we both want out of this."

How you get there is always tricky. It is always tricky because you are negotiating a whole variety of different interests that are very real. In my first year as Chief Planner, I started spending so much time talking about that shared interest: I talked about a spectacular public realm; I talked about high-quality urban design; I talked about stable employment and thriving employment; I talked about places where people had housing options and housing choices. You can rent in a high-quality rental, and you can own in a variety of different housing types. The reason I did that was to, in fact, identify and begin as our starting place our shared interest and our vision. If you are having a conversation about something very detailed on a project, and you do not know what you both want out of it, you are going to be very unhappy and very stuck.

I would say that I agree with most of what you have said, and I would put you in this category, Chris, which is, as a city builder, and you have said that outright many times yourselves. This breaks down, of course, when you do not have a shared vision, when you have a developer who is not a city builder and who actually does not really care about the future of the city, but just cares about making a profit. We have some of those, too. Those are the ones that, of course, hate us the most because we have a fundamentally different vision of what we are trying to do.

I was on a panel last weekend. There was a developer who said, "This is ridiculous. We need more housing in the city. You should just put two extra storeys on everything," to which I said, "Okay, and if that shadows a school park, is that okay?" Those are actually the kinds of things we think about in creating a livable city. We are actually trying to mitigate the amount that we shadow parks, particularly, a school park during lunchtime. We want the sun to be on that park. We want to ensure that we are not compromising a short-term objective for a very long-term objective in part because we do not think we need to be shadowing school parks. There are tons of areas where we need development in this city where we do not yet have it. That is kind of our moderating role on the other side of the fence; it is protecting that longer-term interest against a very short-term interest.

When we are collaborating, and I would say we have many, many great developers in the city, and the evidence of that is all around you in the city, we, in fact, see ourselves as collaborators and as city builders. I think the old model was to see ourselves as regulators.

CW: Correct.

KJ: You have come to us; you tell us what you want to do, and we are going to say yes, no, yes, no. That was that Jack Layton era that you were talking about. Part of what I have been seeking to introduce with my team over the past five years is the idea that we are partners; we are collaborators; we are city builders, we are forward thinking. I am very proud to say that 96% of the recommendations for development applications that we bring forward to city council as a recommendation are approved by city council. That is 96%. Those are not appealed at the OMB. There is this big narrative, and it is a little bit that the OMB is the boogey man in the room; there is this big narrative that the OMB is planning the city. For development applications—and there are two pots here—one is proactive planning policy, and that is a whole other baby.

But when it comes to development applications, 96% of the recommendations coming forward by city planning are supported, and 4% of those applications are actually going on and being appealed at the Ontario Municipal Board. I think that is a reflection of this big shift that has happened where there are many developers, some of whom are new to this city, like Westbank, who are literally sitting down in their very first meeting and are saying, "We are not interested in going to the OMB; we want to work with you. We want to collaborate to do great city building."

CW: Absolutely. I think the challenge—just to challenge our thoughts—is, yes, we all want to get there and, yes, that is the direction we need to head, but one of the things is similar to what I, as a developer, said about politics and city administration, and this is not directed at you, Jennifer, but it is just in general how we put our cities together: We have become very departmentalized in the way our governments work and especially with respect to our municipal governments. What ends up happening is you have a lot of special interest groups within the municipality. Parks has a very special interest. Transportation has a very special interest. Even the development planners have a special interest. What ends up happening is you get too many people around the table that really only care about their piece of the pie, and no one can kind of adjudicate that global good. I am not saying that OMB, necessarily, is a venue for it, but I think in order to progress—because part of this conversation is about how can we make the city better and how can we improve our cities in the 21st century—we need to start thinking about, administratively, how we judge what is in the net benefit. We need to start thinking about how we do not get into this situation: I sit in too many meetings at City Hall where I literally have the conversation where half the room—and they all work for City Hall—says, "Chris, this is great; we love the development," and the other half of the room says, "Yes, but from my perspective, which is very narrow, because I am only worried about traffic, I do not actually like the development. I do not think you should do it. I do not think we should have this mixed use come in or whatever," because there is this one little interest that is a key thing.

I am not picking on transportation because at every meeting it changes, but I think that is where I do not think it is an immediate fix. I think that we have to look at and think about how we measure projects and how we have this level of compromise. Sometimes we have to compromise on transportation. Sometimes we have to compromise on parks. Sometimes we have to compromise on uses, on heritage.

Heritage is a big issue in the city right now. Most of the cities we operate in around the world or around North America have better heritage and laxer rules. They are able to figure out that we do not have to protect everything. We have to protect the stuff that is actually significantly important, and there is other stuff where the benefit of the city is greater than protecting just an old warehouse that has no historical value but just happens to be old. As my parents—who used to be in the antique business—would say, "Just because it is old, does not mean it is an antique." This is true. Not everything old is worth saving.

JK:I want to pick up on this idea because I think what you are talking about is a microcosm of exactly what I have been talking about in terms of this notion of a shared vision. You have that exact same dynamic at the city where you need city departments to have that same shared vision. I will agree with you that we are far from where we need to be, but I do think we are making really big strides.

I will give you an example. On Saturday morning, I was on a panel with my colleagues, Barbara Gray, who is the new General Manager of Transportation Services; and Janie Romoff, who is the GM of Parks, Forestry and Recreation; and Mike Williams, who is the Head of Economic Development at the City. We were all on a panel together.

This is new. This did not happen ten years ago. This is very new. City planning is leading a process called TOcore. TOcore is about planning the downtown in a comprehensive way and creating that shared vision for the downtown. Importantly, it is about water infrastructure; it is about ensuring that, with our colleagues, we are on the same page; it is about urban trees and street trees; and it is about creating a secondary plan for the downtown that brings together all of the different interests under the banner of one vision for the kind of livable downtown that we want to create. We have 128 policy proposals that are in draft form today.

What is so interesting about that project is that it has been fundamentally interdisciplinary.

A weird thing happened. We have been at this for about three years. A weird thing happened on the panel, which was, as my colleague in Transportation Services, Barbara Gray, was speaking, I was nodding and saying, "Yes, that is exactly it; that is exactly what we need to do." She was talking about complete streets and recognizing that driving downtown will be slow because we want to move people in the best way possible, which means we need to focus on better sidewalks, better transit and better cycling infrastructure. Of course, I was nodding my head yes because this has been in our official plan for ten years now, but it is something we frequently fight with Transportation Services about when they are trying to widen the streets, and we are trying to widen the sidewalks. Here we were on the panel; I was nodding about the shared vision, the shared interests.

Same with Janie Romoff. Rail Deck Park is an outcome of the planning process of TOcore, and, interestingly, it was led by city planning, but it is parks planning, which is something that Parks does. In fact, this was planning at the edge, pushing the conversation. Now, Parks could not be more excited about Rail Deck Park. There is now a real culture shift, I would argue, in Parks about being proactive about identifying lands to acquire in our really high-density areas for new park space. That is emerging out of one specific, very tangible process. I do not disagree. I think we have a very long way to go, and these culture changes do take a long time, but we have a series of very strategic exercises underway that are all about recognizing the city in its complexity because that is really what this is about. These projects are a lot more complex than they ever were before.

CW: Absolutely. Rail Deck Park—love the topic. Let us talk about it really briefly. I am a big supporter, and I hope it goes through. The challenge we still have is that I cannot be building towers downtown and be a big supporter of Rail Deck Park and be told every time I go in for an application, "Oh, yes, but we would really like a pocket park of 2,000 feet on your development site." You do not get both. You do not get both in New York; you do not get both anywhere else. You want Central Park?

JK: You do get both in New York.

CW: No, no, no, you do not.

JK: You have got a ton of pocket parks in New York.

CW: You do not. You do not.

JK: I am going to get the data on that for you.

CW: You do not. You do not.

JK: You do not just have Madison Park.

CW: No, Madison Park is not a pocket park. Bryant Park is not a pocket park. You have very strategically designed parks, but this idea—and Parks is all over it these days—that every site that is over 25,000 feet, you have to dedicate, you should…they do not want the money anymore. I am fine to give them the money. Give you the money; do something for the benefit of the whole city. Putting a 2,500- or 3,000-foot park on the base of every high-rise is not for the benefit of the city. That is for—I do not know what that is for. Similar to the public art policy.

JK: Can I just—?

CW: No, just a sec.

JK: Just before you go to public art, just on that piece, the asking for a pocket park on every site is an outcome of not having a larger vision of where the parks are going to go.

CW: Of course, but now we have a bit of a vision. We have got to catch up.

JK: Not a bit of a vision. We are creating a public parks and public realm master plan as part of TOcore, the anchor of which is Rail Deck Park, so this is where you have to have that bigger vision in order to drive the specific decision. In the absence of that bigger vision, for every single project that comes forward, you are right, staff are saying, "We should get a park; we should get a park." Now, it is under development right now, but we will have that larger parks and public realm master plan, so when a specific application comes forward, we can say, "Okay, this is how this site fits into the vision of the larger network." And, when you are buying a site, you can look in advance and say, "Okay, the city has identified this as being a key part of the infrastructure."

CW: Absolutely. Then, you have to overlay that with transportation and others because the other thing, too, is if you are going to create Rail Deck Park, then create ways that people can connect to that park. This is, again, where we have this disjointed vision at times. I am not blaming anyone; I am just suggesting that we have to come together more because there is no point in building a major central park over a rail yard and then not thinking about how the city is going to access that park. That is the other problem you get into: Well, we are building on the east side of the city, and our residents are never going to make it over Rail Deck

Park because there is no easy way to get there, and they are not going to drive because there is no parking and so on and so forth. That is really just for the King West area and it does not benefit me. Then, you overlay that with—

JK: They will take the Relief Line; they will take SmartTrack.

CW: It is not built yet. Then, you overlay that with the politicians saying, "My ward—I care about this," and, for that ward, they say, "I care about that." I am not suggesting that our city is broken, by any stretch. I think our city is getting better all the time, and I think you are part of making the city better. You know I am a big supporter, but I think two things need to change: One, the *faster* we can pull people together and have *grander* visions, the better. And, two, at the same time, while you are putting together the grand visions, we need to somehow have an interim period where we say we have a vision, where we say we know where we are headed. It takes several years to put together something like TOcore.

Do not keep asking for the pocket parks at the same time because you cannot wait until well until the new policy comes. We need to have transitions.

This is why you get pushback, and this is why the private sector does fight back at times, because they are trying to figure out whether they are funding transit, or they are funding parks or art.

They are thinking, "What is it that we are doing? We are willing to fund. We want the city to be better, but we cannot be death by a thousand cuts." I think that is where we want to be careful.

The same is true for public art. I have mentioned this many times that the issue is not the cash. I am more than thrilled to have public art, but, instead of putting up mediocre art on every street corner that is in front of a new condo tower being built, why do not we all contribute to a grander vision and create a *true* sense of place, and create something spectacular that is a place like the Nasher Sculpture Center or the entire arts district they did in downtown Dallas? Dallas is *way* behind the city in Toronto as far as progressive thinking and city-building goes, but they have got an amazing deck park, and they have got an amazing public arts complex next to that deck park. It is because they took a whole bunch of money and consolidated it together instead of death by a thousand cuts.

GM: I just want to lob one controversial question toward you: I think that when you go to Main St., and you talk to people and visitors who are not in the industry, who are not in the real estate business and who do not work for the City of Toronto, many would say we do a pretty darned good job in Toronto with parks, and we have some lovely neighbourhoods. Everybody talks about the richness of our neighbourhoods. The criticism about Toronto, though, that you hear from let us say the illusionary Mr. and Mrs. Smith, has got more to do with architecture. When you talk to people about the architecture of the new buildings going up, the word 'boring' comes forward a lot. They get excited about the Marilyn Munroe in Mississauga, which everybody talks about, because that is original, but, in Toronto, we really do not have a lot of buildings that look totally different and unique to any other buildings. Is that something that you would agree with that we still have work to do on, or is that a perception which is unmerited?

CW: I think there is a bit of both. I think there is definitely merit; I think it is more of a quantity thing: For the volume of development, the amount of development activity we have in this city, which is unprecedented in North America—really, for the last decade, we have had an unbelievable amount of development—the amount of architecturally striking buildings is relatively few and far between. Why is that? It is easy to criticize, but what we really should be doing is looking at what is causing that issue. I think there is a couple of things. One is even though we have this dramatically large development industry, and we have so much volume, our economics are still very low. We forget that on a global perspective, we are one of the cheapest cities, of the top 40 global cities, and there is not a ton of money to put into the construction of these buildings. In New York, when you have buildings that are going up that are $3,000, $4,000, $5,000, $7,000 per square foot, and the average buildings in Toronto are $500, $600, $700 a square foot, there is only so much you can spend on architecture.

The second issue we have is, even if you do bring in the world-class architects, we do struggle a little bit with the trade industry. It is no offense to them; it is that these buildings are very difficult to build. We are doing a Moshe Safdie building down at the waterfront, Monde. We think it is a gorgeous building. The economics are very tough on it, but, more importantly, the trades are struggling to understand his level of detail. We do not necessarily have the local trade base that can handle some of these very architecturally complex items.

Lastly, we also deal with an extremely difficult climate. We are building very tall buildings in this climate, and some of the stuff you see are in warmer cities, Asian cities and so on, where they do not have to deal with some of the dramatic hot and cold temperature swings that we deal with. There is a lot that goes into Canadian development. I think I am always annoyed when people come to a great city—I think it is the best city in the world, Toronto, and I travel everywhere—and then start picking apart our architecture, because I think there are some beautiful buildings here.

GM: Jennifer, what is your take?

JK: I would say that there is nothing more, and maybe I am just a true-blue Torontonian, but there is nothing more offensive or less appealing to me than a city where all the buildings are competing with each other. You think of Dubai: Not only is it painful to look at on a postcard, but it is a terrible experience at the street level. One of the things that we have done really well—and one of our urban designers is on the international Council for Tall Buildings precisely because we have done it very well—is we figured out how, and we learned a lot from Vancouver, buildings should hit the ground because we know how buildings hit the ground is a really important part of everyday life.

CW: Absolutely.

JK: When you have a lot of tall buildings, it is a worst-case scenario if they are all very, very distinct because then they are competing with each other, and it is actually too intense. It is too difficult to absorb in a complex, urban environment. We are very concerned with having high-quality buildings, buildings that are of their time, buildings that are green, and, ideally, buildings that are beautiful. I would actually make innovation the last word, from an architectural perspective. The last thing you want is a city of buildings that are screaming at you. We do have a lot of background buildings, and I do not think that is a bad thing.

I think our buildings are getting better and better and better as they are in every city.

If you look at New York, New York has a lot of disastrously ugly buildings. If you go with a critical eye and walk around Manhattan, it is absolutely shocking how much really frightening architecture there is in New York City. It is everywhere. And, it does not matter because New York is about the street. It is all about the street. It is all about the lived experience. We are concerned about ensuring on landmark sites—the waterfront is a good place where you have views and vistas on landmark sites. We want landmark buildings, but, on background sites, we want background buildings. It is important to keep that straight, or you do end up with something that is quite overwhelming, I think, in the urban environment. The quality actually comes first. I think the big conversation we need to be having is it is about quality, and it is about sustainability because we are starting to fall behind in terms of how green our buildings are in the city.

Questions & Answers

Q: You talked about the waterfront development. I am just curious how you feel about what is there for us as people living in the city and how it has developed? Do you think that is a landmark place? Are you proud of what we have got down there as a city planner?

JK: Sure. Waterfront Toronto was created in response to the mistakes of the '60s and '70s. Waterfront Toronto was all about a recognition by Mayor Crombie and others that the waterfront needed to be a special place, a regional destination, a people-place that was in neighbourhoods and that has 24/7 activity and yet continues to respect the industrial port, the extent to which it still exists. I think we are just on the cusp of beginning to see and realize the future of the waterfront and the waterfront's potential. Waterfront Toronto is focused on creating some pretty spectacular public spaces as a way to incent further private sector investment in the waterfront, but we have not yet seen the vastness of what the waterfront can be. I think that we are getting there.

The work that Dream has done on the West Don Lands is a brilliant example of place-making and city-building. It is going to need to mature. It is in its infancy. It will get better and better and better as it gets denser and as people start to make their mark and to give it some really distinct character, but I think we have the bones in our Port Land Planning Framework and in the work that is being undertaken now for Unilever and the work that is happening not only in the West Don Lands proper where the Athletes' Village was, but the work that is now beginning to emerge on the sites adjacent to it and how that will link to this Distillery District.

Then there is the waterfront planning right along Keating Channel. I think that we are going to see. It is really work that we are all setting up for today, but we have not yet seen the vastness of the opportunity and the greatness of what is going to be on our waterfront. I think it is yet to come.

CW: Yes, I would concur on one point and disagree on another. With respect to the future of the waterfront, I think it has got an extremely bright future. I think that, actually, there are some positives that a lot of the Keating Channel, which were partners with Dream on the Silos site has not been developed yet because I think there are great things that can happen.

We are thrilled about what we are doing with Monde and Waterfront Toronto. I think one of the challenges that happens, though, is we all know that the Queen's Quay extension and that transit line is kind of stuck in limbo, and we need to figure out how that is all going to work. There is a lot of retail plan for that area with Hines in office that cannot really work without the transit.

Then, when you talk about the public spaces, I like the dedication of the public spaces, but I do not like the timing of the public spaces. By the time we finished Monde, Sherbourne Common will be probably nine years old—seven to nine years old—and we will be opening a brand-new building with 580 units, so there will be about 1,000 residents. Tridel will be opening a couple of buildings with another 1,000 residents. Those 2,000 residents will be welcoming into their brand-new parks that our project opens right onto, that are seven to ten years old, and that infrastructure and the fountains and so on will already need to be replaced.

I think sometimes with this sort of master planning in city-building, we get ahead of ourselves, because, for that design, we have not built the buildings yet. We have not populated the buildings yet. We do not know who is living in Waterfront Toronto yet. Let us get the residents in and living in those spaces. I am totally supportive that we have Sherbourne Common as a placeholder, but let us design the park based on what those residents want and based on what the future of that community looks like, and let us not pour money into infrastructure such that by the time it is actually fully utilized, by the time the first child goes and runs around, is already almost a decade old. I think sometimes we get our timings wrong. I do believe a lot of that is political in nature.

Again, I would not suggest, necessarily, it is Jennifer's responsibility, and I think it is always great to do ribbon cuttings on parks and ribbon cuttings on public spaces. It is a great photo op. If you are in power, it is a great photo op for when you are in power, but if you do it too prematurely, you are really just wasting everybody's money, and you are ultimately not making the city a better place. I think we do need to work more collaboratively on the timing.

Similarly, with the transit, we, as the private sector, there is over 20 million square feet of GFA in Waterfront Toronto and beyond. The Keating Channel is not part of Waterfront Toronto, but it is still part of the district. With 20 million square feet of development rights we, as a development community, should figure out how we can work with the city to make sure that transit line comes through because it is in all our best interest to get that Queen's Quay extension.

JK: Yes, the transit piece is not in limbo; it is continuing underway.

CW: The funding, I meant, is in limbo.

JK: It was not started. The funding is definitely a big, scary black hole, but we are proceeding with optimism on the planning side.

CW: Yes.

GM: Well, you guys are great together. I saw you on TVO. As I said, I can sense a little bit of a partnership maybe forming, and you can take this on the road, educate people around the world on what makes a great city.

Thank you very much. I am going to pass it back to the President and, again, thank you so much for being with us today. That was a great panel.

PF: Thanks, once again. As Gordon says, you guys do very well together, and it was good to see some healthy disagreement at the end there. It started as a lovefest, and then we got into some healthy debate. Thank you so much. It is my pleasure to invite Mr. Hunter Milborne up at this time to offer the official thank you.

Note of Appreciation, by Mr. Hunter Milborne, President, Milborne Real Estate Inc.

Thank you. I do not know about you, but I think that was one of the most fascinating, provocative, insightful conversations that I have ever heard. My job is to be short and sweet. I want to thank Jennifer and Chris for taking their time to give us a lot of insights into the future of our city. Thanks very much.

Concluding Remarks, by Paul Fogolin

Thank you, Hunter. I will pick up on that short and sweet theme. Just a few more thank yous before we let everybody go for the afternoon. Again, as a not-for-profit club, we simply could not host these lunches without the support of our sponsors, so a generous thank you to the Milborne Group as our event sponsor, our supporting sponsor, Dream, and our VIP sponsor, Aird & Berlis LLP. A round of applause.

Please, join us again soon. Our next event will be—and there was a lot of talk of transportation today—the Minister of Transportation, Mr. Steven Del Duca, on March 20th, here at One King West. That should be a very exciting lunch as well.

Thank you very much for your attendance today, and I hope you enjoyed your time. We will see you next time.

THE HONOURABLE
STEVEN DEL DUCA

MINISTER OF TRANSPORTATION, ONTARIO

March 20, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the One King West Hotel in downtown Toronto, welcome, once again, to the Empire Club of Canada. For those of you just joining us through either our webcast or podcast, welcome, to the meeting.

Before I introduce our distinguished speaker today, it gives me great pleasure to introduce our Head Table. I would ask that each of our Head Table Guests rise when their name is called. Usually, this is when the master of ceremonies says, "Please, do not clap until the end," but for anybody who has been to a lunch this year, we do not do that anymore, so clap as much as you want.

HEAD TABLE

Distinguished Guest Speaker:

Honourable Steven Del Duca, Minister of Transportation, Ontario

Guests:

Ms. Utilia Amaral, Wife of Minister Del Duca
Mr. Steve Baker, President, Union Gas Limited
Mr. Chris Benedetti, Principal, Sussex Strategy; Director, Empire Club of Canada
Ms. Teresa Di Felice, Director, Government and Community Relations, CAA South Central Ontario
Ms. Kim Donaldson, Vice President, Ontario, Insurance Bureau of Canada
Mr. Stephen Hewitt, Senior Manager, Corporate and Public Affairs, TD Bank Group; Director, Empire Club of Canada
Mr. Tim Smitheman, Manager, Government Affairs, Union Gas Limited; Second Vice President, Empire Club of Canada

Once again, my name is Paul Fogolin. I am the Vice President of the Ontario Retirement Communities Association and your President of the Empire Club of Canada this season. Ladies and gentlemen, your Head Table.

Transportation has been a prominent theme at the Empire Club this season. Earlier this year, we hosted a panel debate on road tolls with Mayor Crombie from Mississauga, with the chair of the TTC, and Teresa and others. A few weeks later, we hosted Mayor John Tory. He spoke prominently about transportation as a cornerstone of city-building.

Today's lunch, featuring the Honourable Steven Del Duca, feels like the natural culmination of a series on this very important issue. Why is transportation at the forefront of public discourse? Simply put, it matters. I would like to quote Robin Chase. She is the co-founder of Zipcar, one of the pioneers of ride sharing. I quote: "Transportation is the centre of the world. It is the glue of our daily lives. When it goes well, we do not see it. When it goes wrong, it negatively colours our day, makes us feel angry and powerless and curtails our possibilities." What can be done? What measures are taken to, in Ms. Chase's words, make sure it goes well? How do we build a transportation system that moves beyond adequate and strives for exceptional, one that transcends the needs of today by anticipating the needs of tomorrow?

We are fortunate, today, to have Minister Del Duca here to address this very question. He is going to provide us with his government's vision on the future of transportation, starting with transit investments and going through to Ontario's automated vehicle test pilot. His plan will combine long-term planning with short-term investment, without cutting the services that so many Ontarians rely on.

Steven Del Duca has a proven track record of outstanding community involvement and a clear dedication to public service. He was first elected to the Ontario Legislature in September of 2012 as the MPP for my home riding of Vaughan. Del Duca was re-elected again in June of 2014 and appointed as Ontario's Minister of Transportation in Premier Kathleen Wynne's cabinet.

Since becoming minister, the Honourable Steven Del Duca has remained committed to the expansion of Highway 427. He has also overseen the development and construction of the $1.4-billion York Viva Bus Rapid Transit project set for completion in 2020.

Minister Del Duca obtained a law degree from Osgoode Hall in 2007, and, previously, studied political science and Canadian history at both the University of Toronto and Carleton University.

He lives in Woodbridge with his wife and two daughters.

Ladies and gentlemen, please, provide a very warm welcome for Ontario's Minister of Transportation, the Honourable Steven Del Duca.

The Honourable Steven Del Duca

Good afternoon, everyone. I am absolutely thrilled to be here with all of you in this wonderful room, in this gorgeous room. I was saying to Paul and others that this is my first time being at this particular venue, and it really is stunning. To see all of you here today is something that I am particularly grateful for.

I want to thank Paul for the introduction, of course. Paul and I had the opportunity to speak in the other room just behind the stage and behind the podium before we started today, and I had the opportunity to sign the book. Many of you will know that it is a time-honoured tradition of the Empire Club to have guest speakers sign the book, right Paul? Paul explained to me that this is the third, I believe, book in the history of the Empire Club, dating back now more than a century. The other two books have been shared with the University of Toronto Archives. I am getting all my lines right. Paul is nodding his head. You cannot see that up here, but he is doing it. Anyway, Paul wanted me to know that I have joined a fairly illustrious roster of speakers over that last more than 100 years. For some strange reason, the three examples Paul selected for me were Winston Churchill, the Dalai Lama and Gandhi. I am not quite sure why Paul selected those three speakers, but it may have something to do with the hairstyle. Right, Paul?

I really am thrilled to be here. This is a great opportunity, as Paul mentioned in his introduction, for me to share some of my thoughts about what I would like to call the "Transportation Transformation" that is taking place here in the Greater Toronto and Hamilton area and many parts of the province of Ontario—and, frankly, in many parts of many jurisdictions right across North America. I do, again, want to thank the Empire Club for inviting me here today and for giving me the chance to share my thoughts, for giving me this opportunity. As I was walking around the room and having a chance to see many of you, I did not get a chance to see everybody, but I promise I will do my best to get there.

It is truly wonderful to see so many familiar faces, so many individuals, not only that I have had the chance to work with over the last number of years, but so many people who are such strong advocates for making sure that our government and, frankly, that all governments find a way to continue to work together to make sure that we are making the investments in the transportation infrastructure that our province needs.

I should also note, we are joined here in the room today by a couple of former members of the Ontario legislature. We have Joe Cordiano, and we have David Turnbull, who are both here in the room today, and I wanted to acknowledge both of them. I want to thank them for being here, and also Adrian Foster, who is the Mayor of Clarington. He is here in the room as well. I have now served in the role as Ontario's minister of transportation for just about 33 months, but who is counting?

A few weeks back, after just a little bit of research, I realized that I am actually now the longest-serving Ontario Minister of Transportation since 1994. That is about 23 years. In case you could not tell, I am a bit of a student of history, or, as my little brother calls me, a geek. I did some additional digging. This time, Paul, I did the digging about the Empire Club. The Empire Club, again, as we all know, has such a prestigious history, dating back more than 100 years. It turns out, I guess not surprisingly, that I am not the first guest speaker to be here in this forum, at this podium, discussing transportation. For example, in 1907, Member of Parliament W. F. Maclean was here warning Torontonians to not fear a new subterranean transit technology called 'Subways'. He said—this is a great quote—and I quote, "If Toronto is to grow to half a million people, and that is right at our door, now is the time to outline the policy for a system of tubes in this city." In 1915, the year before the Ministry of Transportation was formally created here in this province, another speaker was here to discuss the City of Toronto street railway question: Streetcars. In 1943, the role of transit and community planning was a hot topic. In 1950, an Empire Club audience heard all about big plans for rapid transit in Toronto. Lastly, by way of example, in 1953, five years before my father arrived in this country from Italy, an audience just like you gathered to hear about automobiles of the future.

In many respects, this helps all of us understand that all of the debates, discussions, analysis relating to transportation is nothing new for this city or for this region. In fact, in my time in this role, I have come to learn that there are three topics that seem to cause the most hand-wringing amongst GTA residents: First, whether the Maple Leafs will make the playoffs. Secondly, whether this winter weather will ever give up and let us enjoy spring. Thirdly, people like to talk and think about the state of traffic on our roads and our highways. Many of you, today, will know that I am a lifelong resident of this region. I was born in Etobicoke in 1973. We lived there, my family and I, until I was about 15, and that was when we moved up to Vaughan. Like every single one of my friends, I went to get my 365 when I turned 16—literally, the week after I turned 16. I got my full driver's license just a few months later, and I have largely been driving, more often than not, alone in my car since then. That does not mean I do not have friends; it just means that is the way that I have been driving for all those years.

So much of how we commute, our patterns, our rhythms, our preferences, comes to us early in our lives, and then it becomes very hard to change. I believe that we will only successfully shake up these patterns once we have given current and future commuters reasonable, accessible, affordable and reliable alternatives. To me, that means, most importantly, that we have to move beyond the endless discussions and the endless debate, the focus on process, the arguing over which transit plan is preferable. At all times, and this is something I have said in a number of speeches over the last three years, we have to make sure that we do not let the perfect become the enemy of the good. We have to get shovels in the ground. We have shovels in the ground. We have to keep building, and we have to keep producing more positive transit outcomes for the people that we are proud to serve. That is exactly what the Kathleen Wynne government is doing.

I have been talking almost nonstop since June of 2014, since the premier gave me this responsibility, and I have been talking about the progress that we have been making with each passing month with respect to our transit plan and our transit expansion, and I know that sometimes it is very hard for all of us to understand or accept that we are tantalizingly close, tantalizingly close to the seamless and integrated transit network again that we need, but we are.

I hear it from my constituents; I hear it from my family; I hear it from my friends and neighbours. It is understandable that, after so many years of starts and stops, there is a little bit of a credibility deficit that has taken hold. From my perspective, this is the kind of deficit that can only be reduced and ultimately eliminated once we have consistently demonstrated that we have done what we promised to do.

Let us take a look at the facts.

Let us take a look at the facts and consider how our transit map will evolve over the next six or seven years.

In just a few months, before the end of this year, the Toronto-York Spadina Subway Extension will start running, taking thousands of commuters up to York University, and for the first time, into the 905, connecting with the Barrie GO line, the Viva BRT and, ultimately, the Finch West LRT. The Eglinton Crosstown, the single largest public transit project in Ontario's history, a 19-kilometre line running along a major east-west artery, connecting with GO lines and not just one, but three, subway stations as well as the Union Pearson Express and a wide variety of TTC bus routes, will be in service by 2021. The Finch West LRT will be complete also in 2021.

The Hurontario LRT, in Mississauga and Southern Brampton, will be in service by 2022, and Hamilton's own LRT will be in service by 2024. GO Regional Express Rail, which was at the foundation of our campaign platform in 2014, relating to transportation, GO RER, a truly transformational project that will serve as the backbone for our entire network and will help enable the delivery of Mayor Tory's SmartTrack system, will be in service by 2024.

This means that on most of our GO network, trains will be running in both directions and up to 15-minute intervals, seven days a week. And those trains will be electrified, meaning that they will run cleaner and quieter and quicker.

In addition, we will be extending GO Train service to Bowmanville and to Niagara Falls, and we will be continuing to invest in the planning and the design of a number of other critical projects, such as Durham's BRT, the Regional Relief Line, and the Yonge North Subway Extension to Richmond Hill.

In short—and this is so critical—while we build for today, we will continue to plan, so that we can keep building for the future. At the same time, as we successfully deliver traditional transit projects, I think we have to accept the undeniable reality that the world of transportation is literally changing under our feet. Like so many other sectors and industries, transportation is not and should not be immune to innovation and disruption. Moreover, from my perspective, government has an obligation to step up to both encourage and channel the innovation so that it produces positive results. We cannot afford to be spectators in this regard.

Not every aspect of this conversation is comfortable for every single participant, but, again, we cannot afford to sit back and simply watch because we know that the pace of change is accelerating and the consequences of missing out are more immediate and more costly than ever before. To me, this notion of accelerating change is the most important aspect for us to consider when we are discussing transportation planning for the 21st century. With each passing month, new technology, new trends and new consumer choices will continue to impact transportation, and we see it everywhere across society. Challenges and opportunities that arise from the emergence of new forms of innovation, disrupt the way that things have always been done.

Let us think back for just a moment. In 2003, when Ontario Liberals returned to government at Queen's Park, no one had ever heard of Facebook. In 2007, when we were reelected for the first time, Twitter was brand new. It was brand new, and Instagram, which I only recently joined, did not exist. In 2011, the year in which we were reelected for a second time, Snapchat was created, and, now, just six years later, it is valued at approximately $20 billion. In 2012, when I was first elected to the legislature, Uber had not yet launched its service in Toronto, and it and other on-demand transportation options continue to impact the traditional taxi and limousine industry and, frankly, the traditional transit as well. Sensors today can gather more and better information and are being deployed pervasively. Computers can process greater amounts of data at faster speeds, and the limitless human imagination keeps coming up with new ways of analyzing and applying data to solve problems, both in transportation and in other critical areas. In a province that is proudly home to the world-leading Institute for Quantum Computing at Waterloo University, we are in such a strong position to be a leader. In fact, we are already living in this era, the era in which the only constant will be how quickly and how often disruptive innovation, action and commercialization will upset traditional thinking and approaches.

The first mandate letter that I received from Premier Wynne in 2014, called on me to advance a regulatory framework that would permit the testing of automated or driverless vehicles on Ontario's roads. I do not mind telling you that just about three years ago when I saw that in the letter, I was a little bit surprised because, at that point in time or leading into that point in time, I did not know a lot about this particular technology. I can still remember the first time—I think it was in 2013—when my wife, Utilia, who had been in California for work, came home from that trip and talked to me all about driverless cars, automated technology. It sounded more like science-fiction to me than anything else.

After doing some research, and doing it very quickly, my perspective has changed. I am proud to say that Ontario was the first province in Canada to create a pilot regulatory framework for the testing of automated vehicles, which started January 1st of 2016. Just a few months ago, I was in Waterloo, alongside my Parliamentary Assistant, Daiene Vernile, one of our local members, and we announced at our first three participants in this pilot would be the University of Waterloo, the Erwin Hymer Group and BlackBerry QNX. Today, I can confirm that another participant, Continental, has now held the first test of an automated vehicle on a road, in Ontario, and that their test lasted approximately four hours.

By embracing all of the potential that this technology offers, we are leveraging the significant talent pool that exists in our province, something that we need to be proud of but that we need to keep working on.

That is a talent pool that exists both in the automotive and the technology clusters that exist in Ottawa, in Waterloo, around the GTA and elsewhere. In fact, last June, General Motors announced that they would be hiring 700 people in Oshawa and in Markham as the company expands its engineering and software development staff in Ontario. In response, the *Wall Street Journal* called it an effort at keeping pace with Silicon Valley. It also talked about it being another vote of confidence in Ontario's tech industry credentials.

None of us knows for certain how quickly automated vehicles—not just cars, but trucks, transit vehicles—and the impact of this new technology will be felt. I acknowledge that we still have to resolve some very important issues relating to ethical decisions that machines may be called upon to make, as well as decisions as to how we will insure vehicles when no licensed driver has to sit behind a non-existent steering wheel.

Some observers believe that widespread adoption of this technology will occur within ten years, while others suggest that it will take longer. The Institute of Electrical and Electronics Engineers forecasted that by 2040, another 23 years from now, automated vehicles will account for 75% of all vehicles on the roads. Most analysts predict that this kind of deployment, this kind of widespread deployment of this technology will mean, at the end of it all, a very steep decline in the total number of vehicles on our roads because traditional car ownership will be less attractive to consumers who will be more inclined to use technology to order a driverless car or a driverless vehicle, as needed.

While it is very difficult to predict exactly how this will play out, we do know some things for sure: The shift towards this technology is underway, and its emergence over whatever horizon will have a profound impact on our transportation systems and on our economy. As we plan both our transit projects, and I would say, in particular, our highway projects in urban and suburban areas, we must take great care to not inadvertently allocate hundreds of millions or potentially billions of taxpayers' dollars in what may become stranded assets in less than a generation. Perhaps it is time for the provincial government to contemplate including a robust assessment of the impact of emerging technologies as part of the analysis before approving funding and building the next generation of traditional transportation infrastructure. With respect to Ontario's economy—we all know this, and some in the room know it very well—there are literally thousands and thousands of current jobs, from transit operators to truck drivers that could be displaced by automated vehicle technology. Governments around the world are grappling with the consequences of increased automation, in general, and, to date, no one has landed on a comprehensive solution. From my perspective, it is critical that we examine how best to rapidly realign or rapidly align, retrain and provide retraining opportunities for those workers who may be displaced, at least as part of a transitional response; for example, according to a recent report that was produced last October, it is expected that 147,000 jobs will need to be filled within the next 15 years alone because of the infrastructure industry's requirements to build everything that the government and all governments are talking about, along with the private sector. These jobs include the need for thousands of skilled tradespeople, and we are blessed in Ontario because we have the most talented skilled tradespeople and construction industry in the entire world. These jobs will include estimators, engineers, surveyors, the skilled tradespeople themselves, administrative staff support and more. It is important to note that this analysis does not include jobs that would be created by additional, not-yet-approved transportation and other infrastructure investments, so it is entirely possible that both the total number needed and the term of 15 years itself could extend, or it could grow.

I simply point that out to say that, though we have not landed on specific solutions, there is tremendous opportunity, as long as we keep building to produce those positive outcomes themselves, the transit, all of the other items that I have referenced here today. At the same time, we must make sure that we are comfortable enough with being prepared to make the shifts that are provided to us.

We see innovation and disruption occurring in other areas relating to transportation as well.

We started an electric vehicle incentive program back in 2010. To me, this is one of the best examples of how support that government provides can work so well with industry and market responses. In 2010, we started the incentive program.

There were two vehicles on the market that qualified at that point in time. In its first year, 140 incentives were given. Today, because the market responded not just to what we were doing here in Ontario, but to the realization that more, globally, needs to be done, particularly, with respect to the fight against climate change, last year, 25 vehicles were eligible for our incentive program, and 3,500 incentives were given, again, last year alone. It shows tremendous growth, and there is more that we expect to see.

There are a number of other transportation challenges and opportunities that we will be facing and embracing in the coming weeks and months. I do look forward to providing continuing updates, whether we are talking about high-speed rail—and there is going to be some news coming about that in the next number of days, but I am not allowed to scoop myself and tell you what it is going to be from this podium today—or we think about some remarkable technological innovations and achievements that are happening as we speak.

Some in this room will know, for example, that a Mississauga-based company called Hydrogenics is actually in the process of partnering with others to produce and provide hydrogen fuel cell trains to Germany. In fact, I believe the first train just went into what is called 'dynamic testing' very recently. I point that out to say, as I was saying earlier in my comments with respect to automated vehicles, we need to be, at all times, nimble. We need to be supportive.

We need to build the kind of ecosystem that will help produce both a strong economy and also the strongest and most resilient transportation system that our province needs.

Very often when I get to this point in my speech, and I think about all that we have achieved in transportation over the last couple of years, with a very clear recognition that we still have so much more to do, what is mostly going through my head is the fact that, at home, my wife, Utilia, and I have two young daughters. Talia is nine years old. Grace is five years old, soon to be six. She acts a little bit more like she is 16. When I think about the horizon of the kind of infrastructure investments that we make as a government—the five years, the six years, the ten years—it reminds me that when we are completed, the current installment of the massive transportation building that we are doing right now, that seven-year horizon I referenced, that magic year of 2024, our nine-year-old will be 16.

You remember earlier when I talked about how at the age of 16 I rushed out to get my 365 and got my license, and I have kind of been stuck in that pattern of commuting since then? If we get our work right, if all three levels of government that are well aligned right now, continue to make the investments, continue to keep the shovels in the ground, continue to stick to the job that we are determined to do, it will mean to me that Talia and Grace and, literally, the tens of thousands of other children across the province that are growing up and that will be contemplating their careers and where they want to settle will have the transportation system that provides them with options.

It is why we are doing the work that we are doing. It is why we are going to continue to be open-minded. It is why we are going to keep building and, fundamentally, ladies and gentlemen, it is why *I* am determined to make sure that we get it right.

Thank you very much for having me here today.

Q: Thank you very much. Mr. Del Duca. I am wondering if you can tell us what is going on with the $170 million Green Commercial Vehicle Program that was mentioned in the Climate Change Action Plan. It was announced back in June. We have heard nothing since then.

SD: The MTO is continuing to work with MOECC and a couple of our other partner ministries. As with many of the things that are included in what is a very ambitious Climate Change Action Plan, there is some additional work that we have to make sure that we are getting right before we can provide additional updates. This is the way a politician tells you they do not have a clear answer for you at this particular luncheon, at this point in time, but I can put your mind at ease in terms of saying to you that we are committed to make sure that we fulfil not only the commitments that we are making around that particular element, but the rest of the Climate Change Action Plan. Thank you for your interest in that.

Q: Just wondering, Minister, if you could provide the room with an update on the Vaughan Subway Extension.

SD: The Spadina Subway Extension, which is being built right now, will be open by the end of this year. In fact, I saw in social media a couple of weeks ago, one of the test trains, one of the TTC's test trains was all the way up at the Vaughan Metropolitan Centre Station, which is located at Jane and 7. That subway extension, the first one that is being built up into the 905, will be open a little bit later this year. Sometimes in my riding or in other parts of the GTA, I get these funny looks: "Oh, sure, a subway is coming to Vaughan because you are the Transportation Minister." I just want to say, for the record, though, that I am thrilled about the fact that it is coming to Vaughan, and it was predecessors of mine that actually made sure that was going to happen.

Note of Appreciation, by Kim Donaldson, Vice President, Ontario, Insurance Bureau of Canada

Thank you, Paul, and thank you, Minister Del Duca for your remarks. I know everyone here can see the passion that you bring to Queen's Park.

My name is Kim Donaldson, and I am with the Insurance Bureau of Canada. We are the industry association that represents home, car and business insurers in this province.

And, Minister, the subject of autonomous vehicles is something that we have been thinking about, contemplating, for the last few years.

As the minister mentioned, Ontario is thinking ahead to the introduction of automated vehicles on our roads. This is exciting news for our province, the insurance industry and Ontario drivers, and it represents a turning point in driver safety.

As it stands, roughly 90% of road traffic collisions are caused by human error. In a world of automated vehicles, accident rates will almost certainly fall dramatically, while a greater proportion of accidents will be caused by software malfunctions and hackers.

Beyond improved road safety, automated vehicles will have a tremendous impact on how the insurance industry offers auto insurance coverage and how government regulates insurance, a re-engineering that is currently underway. We are working closely with insurers and the province to prepare for these changes. Minister, I applaud you for working with us to make Ontario a Canadian leader in adapting to technological change.

Thank you, again, for your remarks, and we look forward to the government's upcoming budget where I know we will hear more about your plan to make Ontario's transportation system among the most innovative in the world. Thank you.

Concluding Remarks, by Paul Fogolin

Thank you. All right, ladies and gentlemen, we are almost at the finish line. Thank you very much for attending today. I would like to thank, in addition to our lead sponsor, IBC, our VIP reception sponsor, CAA. Let us give them a round of applause as well.

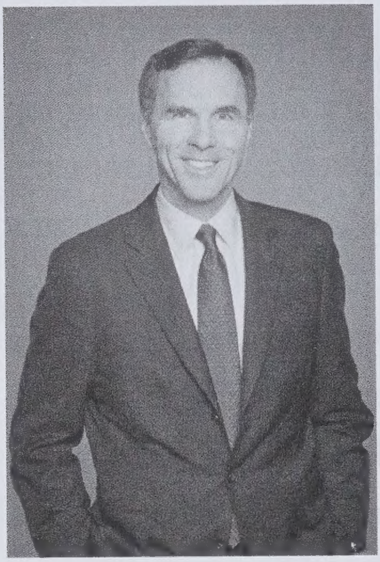
Again, as a not-for-profit club, we could not host these exciting lunches without our sponsors' support. It means a lot to us. I would also like to thank mediaevents.ca, Canada's online event space, for live webcasting today's event for thousands of viewers around the world.

Although our club has been around since 1903, we are active on social media—maybe not as active as the minister—but we are on there. Follow us at Twitter, Instagram and Snapchat. We are on LinkedIn as well and, of course, Facebook.

Finally, please, join us. We have some exciting lunches coming up. This Friday, March 24th, the Honourable Bill Morneau, Minister of Finance, will be with us at the Royal York. Then, next week, at the Delta Hotel, we will have the Honourable Tracy MacCharles, Minister of Government and Consumer Services.

Thank you, once again, for your attendance today. Have a fantastic afternoon.

The Empire Club Presents



THE HONOURABLE
BILL MORNEAU

CANADA'S MINISTER OF FINANCE

WITH
BUDGET 2017: WORKING FOR THE MIDDLE CLASS

February 8, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, ladies and gentlemen. It got so quiet. It is amazing. Minister, past presidents, board members of the Empire Club of Canada and the Canadian Club of Toronto, elected officials from our federal, provincial and municipal governments, distinguished guests, ladies and gentlemen, welcome, to a very endearing tradition that occurs at this approximate time each year, that being a post-budget analysis and presentation by the federal minister of finance, an office that is presently occupied by our very special guest speaker today.

My name is Gordon McIvor. I am the immediate past president of the Empire Club of Canada and your co-host for today's lunch. You will meet the other co-host, the other half of this duo, the infinitely more charming, Jennifer Sloan, who will join us a little bit later in this program.

I would now like to call this meeting to order and would you, please, remain standing while I respect a club tradition and we say grace: United by common interests and concerns, we have gathered here. We each, in our own way, express our gratitude. We are thankful for this time together, for the meal that we shall eat, for the people who have prepared it and for the freedom of expression and information that we all share. We are thankful for both this heritage and for today's gathering.

Now, ladies and gentlemen, I ask that you join me in singing our national anthem.

[NATIONAL ANTHEM.]

You are applauding for your own singing, I am assuming.

One of the great traditions of both clubs is that we start each meeting with a toast. Ladies and gentlemen, I would ask that you raise your glass and join me in a toast to Canada and to the Queen.

Please, bear with me and remain standing as we conduct one final piece of business, and that is a draw for today's door prize. I would like to now invite our special guest speaker, today, to draw a business card. While he is doing that, I will tell you that the lucky winner will receive a bottle of 2014 Conspiracy vintage wine from the Foreign Affair Winery in Vineland Ontario. And the winner is George Misik from CMLS Financial. Congratulations!

Please, be seated, ladies and gentlemen. And a sincere thanks to our generous sponsors, today, the Bank of Montreal, BDO, CIBC, Scotiabank, RBC, and the TD Bank for making this event possible. Without sponsors like these great companies, club lunches would not be possible, so thank you, once again, for your support.

I also want to thank the *National Post* as our print media sponsor of the Empire Club of Canada. Let us acknowledge, as well, the youth and young leaders with us today from the University of Toronto's political science department, thanks to the support of Simon Dwyer from BCE. Youth and young leaders from the University of Toronto, would you, please, stand up and be recognized. Welcome, students.

Before our distinguished speaker is introduced, today—and by the way, he is going to speak before lunch, as I think you all know—it gives me great pleasure to introduce our Head Table Guests. Please, refrain from applause until all of our guests have been introduced, and we would ask that each guest stand and be briefly acknowledged.

HEAD TABLE

Distinguished Guest Speaker:
The Honourable Bill Morneau, Canada's Minister of Finance

Guests:
Mr. Dean Elliott, Managing Partner for the Central Group and Markets Strategic Lead, BDO Canada
Mr. Doug Guzman, Group Head, Wealth Management & Insurance, RBC
Ms. Martine Irman, Vice Chair, TD Securities
Mr. Colin Lynch, Senior Vice President, Strategy and Growth, Greystone Managed Investments Inc.; First Vice President, Empire Club of Canada
Mr. James O'Sullivan, Group Head, Canadian Banking, Scotiabank
Mr. Doug Porter, Chief Economist, BMO Financial Group
Ms. Helen Reeves, Senior Vice President, Marketing & Communications, Morneau Shepell; Director, Canadian Club of Toronto
Mr. Avery Shenfeld, Managing Director and Chief Economist, CIBC
Ms. Jennifer Sloan, Vice President, Senior Business Leader, Public Policy – Canada, MasterCard; Past President, Canadian Club of Toronto

That, ladies and gentlemen, is your Head Table.

We are delighted to welcome you all to this joint meeting of our two clubs, known across this country for the fundamental roles that each one has played for well over a century now. It has been said that no issue of substance remains unexamined by the Empire Club of Canada and the Canadian Club of Toronto. If you have lived in this fair city for any length of time, you will be well in agreement with this statement through the many thousands of topics that our clubs have brought to Canadians in order to give them more background and context so that they can make better and more informed decisions.

I do not know exactly when the Canadian and Empire Clubs began teaming up to do this annual presentation, and it has not occurred every year, but the two clubs have certainly come together many dozens of times over the decades to present this annual event to Canadians. Having had the honour of presiding at both organizations at different times in my career, it is, indeed, a pleasure for me to open this meeting today and welcome the Honourable Bill Morneau to our joint meeting.

One thing is certain: Our financial planning and the course we set, as a country, is in all likelihood *the* most important topic that we present to our members and audiences each year at this time. Policies and planning radically change with each government, as we are seeing play out in real time with our neighbours to the south. Everyone in this room today would agree that these policies and procedures have a profound impact on all of our various business activities and on what we prioritize in establishing the highest quality of life that we can achieve for all of our citizens. That is why we are all here today, and why it is such a pleasure to welcome back to this joint meeting of the Canadian and Empire Clubs one of the most important players in the Trudeau government, the Honourable Bill Morneau. He will take this opportunity today to outline the next step in the government's economic plan to support Canada's middle class and those working so hard to join it. Minister Morneau will also discuss at today's meeting, how Budget 2017 works to give Canadians the tools that they need for the economy of tomorrow.

The minister has agreed to take some questions following his speech. You will find on the table some cards, so if you do have a question, please, write it on the card, and hold it up during the speech. Our roving volunteers will come by and collect your question for the minister.

Ladies and gentlemen, without further ado, please, join me and my colleagues in welcoming Canada's 39th finance minister, the Honourable Member of Parliament for Toronto Centre, Finance Minister and Economic Planner, par excellence, Minister Bill Morneau.

The Honourable Bill Morneau

It is a real pleasure to be here. I will start by thanking Gordon and saying that, in his introduction,

he said that this was going to be a discussion about the budget and an "analysis" of the budget. I can tell you, it may not be an analysis of the budget because I will leave that to other people. I did have the opportunity, though, to ask Avery Shenfield, at my table, and Doug Porter, at my table—two of our esteemed chief bank economists—their points of view. I asked them directly, so not sure I got exactly their points of view, but they both said it was okay. I am going to take what I can get at this stage. It is important to recognize there are all shades of grey when you introduce a budget. As long as those two are kind of in the middle, that sounds pretty good to me.

I want to start by thanking all of you for being here today. It has obviously been, for me, a pretty charged last couple of days, and, for that matter, a pretty charged last year and a half. I can tell you that one of the best parts of my job is when I get to come back home because my family is still here, and I see friends, people with whom I have worked over the years, people with whom I am working now. I see Steven Del Duca over here, and I am sure there are other elected representatives here. I see people like Frank McKenna, who is sitting with him and who has done so much for our country. I know that there are so many of you here today that represent the Toronto business community and are important in helping our economy to be successful. I want to say it is a real pleasure to be here. I see Barry Campbell back there, too, now. It is really great to be here.

You may have heard that our budget was entitled, “Building a Strong Middle Class.” You may have heard us use the words “working hard for the middle class,” and “those working hard to join it.” That is, indeed, critically important for us.

Really, as I said, our plan is about dealing with challenges in our country today and tomorrow. It is a plan that is about creating good middle-class jobs today, while really about preparing Canadians for the jobs of tomorrow. It is a plan that brings hope and optimism back to the middle class by investing in our people, by investing in our communities and by investing in our economy.

It is not lost on me, when I come back here, that for many people in this room, our plan has asked more from you. Last year, we asked many of you to pay more in tax so that we could cut taxes for the middle class, for 9 million Canadians. We decided that the Canada Child Benefit would become means tested so that, for many of you—frankly, like for me—you no longer receive a monthly cheque from the federal government if you have children under the age of 18. We asked more for you so that nine out of ten families across this country would receive, on average, $2,300 more per year, tax free, for their family. We asked more from you so that we could do more for the middle class and for those people who are working hard to do better for themselves and their families.

We know, from what we have seen across the country, that it is having an impact. It is having an impact on increased discretional spending for people across the country, but I know, from my new role, in different ways that it is having an impact.

One of the stories I told in my budget a couple of days ago was about an evening when I was having dinner in Toronto a few months ago. I got out of the restaurant in Cabbagetown. I got into a taxicab, and the driver looked in his rearview mirror, and he recognized who I was. That is a new feature of my life. He broke into a huge smile, and he said, "I have got to call my wife." He proceeded, during the course of our taxi drive, to have his wife go and check their financial records. He has an 11-year-old, a 9-year-old, and a 10-month-old, and they told me what it meant for their family. This is a taxi driver. For them, it meant $300 extra per month each month, so $3,600 a year, tax free.

I think all of us can imagine how hard it is to be a taxi driver. We have—most of us have been in taxis in the city. I think we know that an overwhelming majority of the people that are driving taxis are highly qualified people who are working hard to do well for their family for the next generation. For him, it is really a lifeline. It is a lifeline for him to be able to buy school supplies for his family, to create the opportunity for his family that is going to be so important for them down the road, for his children as they look towards what they are going to do.

It is a plan, frankly, that I can tell you, that is even more important now than it was 18 months ago when we started. I will tell you, back when I attended my very first G20 meeting in November of 2015 in Antalya, Turkey, people looked at our plan to invest in the middle class in Canada with interest. People were seeing that this was important but, frankly, with a level of curiosity about what we were trying to achieve. Not everyone in that room—and this was the leaders and the finance ministers from the 20 largest countries—saw what our prime minister saw or what I saw, or, maybe at that stage, they did not take it quite as seriously. The middle class was feeling anxious about their future and the future for their children and the future for their grand-children.

I can tell you that a lot has changed in our world just in that last 18 months. It has become more and more obvious to all of us—certainly to the people in that room and to all of us, I expect, in this room—that middle-class anxiety is not only real, but it has become a powerful force in our world.

I just got back from my latest G20 meeting in Baden-Baden, in Germany. I was there this past weekend, and I will tell you that when we were there talking about what to do, we were talking about sharing the benefits of growth and globalization and trade. Yes, they were on everyone's mind. Those are continuing subjects at G20 meetings. Just as important, at the meeting this year, was talking about the benefits of inclusive growth, the benefits of making sure that people are not left behind in our societies but that they are actually engaged in our collective efforts to do better for the long term.

I will tell you—and it is the subject of a great interest in every room I go into right now—that I met with U.S. Secretary of the Treasury Steven Mnuchin, in Washington, and again we spent a lot of time together in Germany over the weekend. We talked really, mostly about our shared interest in making sure that we deal with that anxiety and that, in both of our countries, that we find a way to do better for people who are not seeing the hope that they thought they would see in a generation before or the generation before that.

People are coming around to see what people in the middle class have been seeing now for some time, that the advances of technology, yes, they have been pushing our society ahead, but, more and more, people are falling behind with the challenges that they are facing with those changes. I know that we can debate the statistics with people like Doug and Avery and others. We will debate the statistics and the Gini coefficient and what is actually going on with middle-class families and people who are looking to do well, but I will say that you can look around the world and say that the evidence is pretty clear.

We, in the Department of Finance, reached out and touched one million Canadians in our pre-budget consultations. As you know, not that long ago, I had the opportunity to knock on, literally, tens of thousands of household doors in downtown Toronto, in this city.

We are seeing the movements around the world that are undeniably fueled by a deep sense of uncertainty about our collective future. That is why we are here. We are of the view that we just cannot ignore middle-class anxiety in our country. We need to know that the success of our country—and I think we all agree—our great country, really requires all hands on deck. We all need to work together to get to where we want to be.

Our government, really, on behalf of the people who elected us, of course, chose to act. I will say that as I go to those international meetings, more and more people around the world are looking at Canada as a model of how to respond in a positive and an optimistic and a generous way, dealing with these very real challenges. What we are seeing now and what is so important as we are out communicating that is that our plan is beginning to work. There is, I will tell you, from what we see, from the statistics we see, a growing sense of optimism among Canada's middle class across the country.

Over the past seven months, our economy has created a quarter of a million new jobs. We all see the statistics all the time and try and parse them and figure out what they mean, but over that seven-month period, that is the largest number of new jobs that we have seen in a decade. I know that we see in the newspapers very often that there is a challenge that many jobs are part time, and it is true, but, in that seven-month period, I will tell you that the majority of those jobs were full-time jobs.

Since 2015, since we have come into office, our unemployment rate has gone down from 7.1% to 6.6%. We also know, as I mentioned earlier, that consumer spending has increased, and we know that it is, at least in part, a result of the increase in the Canada Child Benefit. We think that the pace of economic activity is likely to increase in 2017. This week with Budget 2017, we are taking the next step in our plan to make a real difference for you and for all those people in our country who are not in this room.

We are building on our past commitments, our past investments, to make sure that our communities are a better place to live. We have committed to making historic investments in infrastructure—$180 billion over the next decade. We want to make sure that in ten years, our economy will not just be more dynamic, but the public transit will get us home faster at the end of each day. It will mean more time with our kids, yes, but it will also mean higher productivity, and it will help us to be globally competitive as we try and attract companies and people to come to our country to experience our success.

As a trading nation, being competitive on a global scale, we know, requires world-class infrastructure. In our budget, we introduced a National Trade Quarters Investment to deal with traffic congestion, to make sure that for the busiest rail and highway corridors around the greater Toronto area and other places in our country, we have more money directed to what is one of our biggest challenges, as a country.

We will also use our new Canada Infrastructure Bank, which we talked more about in our budget, to leverage the expertise and the capital of the private sector to help cities and towns across our country to get big and transformative projects for infrastructure off the ground. With this idea, with the Canada Infrastructure Bank, our goal is to lever the institutional money, the pension fund money, around the world that wants to invest in infrastructure to help us by building big, transformative infrastructure projects, like transit or electricity grids. We will build more, and we will make all of our lives better by combining government and private capital, together, to improve our communities. That is our goal.

We know that for many projects, if we do not find a way to leverage outside capital, they would not get built. We know that it is appropriate for us to think about creative ways to work together with the private sector to make a difference. I want to stop on that for a second. What you will see as a continuing objective of this government is to try to work *together* with the private sector to get things done in our country. We know that government cannot do it all. We know that we are going to need all of us working together. We know, importantly, that we are going to need your help. We are going to need people in the business community to make the impact that we want to make on our country.

We saw one thing that we have done very recently, the Canadian Business Growth Fund. We saw a great example of how we can work together, how the private sector and the public sector can make a difference.

With the help of my Advisory Council on Economic Growth, we identified a gap for small- and medium-sized enterprises that wanted to make sure they had access to capital to grow, to stay here in Canada and, really, access the necessary funding, without giving up the control of their enterprises at a time when they might not want to do that.

We convened our financial institutions in this country, and they are very amenable to that discussion, and they got together and saw an opportunity not only to help their businesses, but to help other businesses to create an ecosystem that was going to be stronger in our country. I will tell you that it happened at a very rapid speed. I can say from my business experience—maybe not quite as fast in the public sector as in the private sector, so we might have been a slow part of it, but the private sector moved very rapidly. It is a good reminder that all of the solutions that we seek to have do not necessarily have to come with a cost to taxpayers.

As a government, we are going to continue to look for solutions both inside and outside government, to push Canada and to push our economy forward with our investments in infrastructure. With our approach to how we are going to try to grow the economy, we believe that we can make a real difference to position our country to be more innovative over the long term.

Our plan strives for nothing less than to make Canada a world-leading place for innovation, in part by making big bets on sectors where we know that Canada is already successful and can be more successful—places like digital technology, clean technology, agriculture, places where you in this room know we are already successful and we can do more. From urban centres to rural farms, from researchers looking to secure new patents, to entrepreneurs working to bring their products to market, we know that we need to be innovative to make sure that we can adapt to change and prepare for a dynamic and changing future.

As we think about this, as complex and as challenging as it may be to be more innovative, we need to think about what lies behind every innovative economy, every innovative company, and that is skilled, talented and creative people. We want every Canadian to see the opportunities in a newly and more innovative economy. It is why we are working not just on creating jobs today, but on making sure that we get people ready for the jobs that we need to have tomorrow because, as we have this immense challenge with a dynamic economy, we know that we need to prepare people for the next, better job. That is why we call what we are doing our "Innovation and Skills Plan." With it, we are going to support a culture of lifelong learning to help workers and their families to adapt to the changing demands of our time. We are going to help students to get the work experience that they need to kick-start their careers. We will make it more affordable to pursue higher education, so everyone has access, and we are going to expand access to training to help Canadians to learn new skills. We are going to help people who have lost their jobs to pursue training, so that they can get back into the workforce.

Since we have started, our plan has been to put people first. I can tell you that it has been good for business. In the last seven months, as I said, we have seen the highest job growth in over a decade. Where other countries might have put on the breaks, we did what confident and ambitious countries do: We invested in ourselves. We did it while always keeping an eye on our fiscal situation and our capacity to make investments. Investing with purpose is something that we take very seriously. While others around the world are choosing to potentially close themselves off, we are choosing to be open. We are choosing to make investments. We are fortunate, we think, that Canada has exactly the right ingredients to do exactly that. We have the best fiscal situation among G7 countries. We have a diverse and highly educated population. Our population clearly is ready to focus on having accelerated growth. Our financial system is among the world's soundest, and we are host to world-class pension funds in our country. We have the lowest total business tax costs and the lowest overall business costs in the G7. We are one of the only ten countries in the world with triple-A ratings from all three major credit rating agencies.

Our goal is to build up on that. That is not just for industries, but that is for all of us. It is really one of the things that we are working to do as we think about trade. We have strengthened our relationships with our top five trading partners. With the United States, we are working hard—with Mexico, with China, with Japan and with the European

Union. We are making inroads, we know, all across Asia. In fact, I am very pleased to announce that today—well, officially yesterday—Canada became the first North American country to be accepted into the Asian Infrastructure Investment Bank, which will help boost economic growth around the world with high-quality infrastructure projects, and we know it will help Canada as well as our part is part of the global economy. Our membership means that we will be able to help fund high-quality infrastructure projects in Asia and contribute to global growth.

Trade, openness and investment. We hope to give all Canadians a real and fair chance at success. That is what our plan is about. We want to help families feel better about their future and the future of their children and their grandchildren and make sure that the next generation gets what this generation, what the generation before, has always had in Canada: Optimism fueled by opportunity.

Thank you for being here. I am looking forward to working together with people in this room, and I am looking forward, also, to answer your questions.

Questions & Answers

Q: For this year's budget, you dedicate a chapter to addressing how measures impact men, women, and intersectional groups in different ways. You said it is a first step. Why was this so important to you, and what is the next step?

BM: This is something really important to us, and I think it is really important to all of us. We know that among the really significant challenges we have in our country is that we need to deal with demographic change. We need to deal with looking towards a future and making sure that all segments of our population are engaged and are making a real difference.

We also know that women are essential to our economy. We looked at workforce participation and, of course, we all know that equal pay for equal work is not a reality yet in this country, and it needs to be. So, we said to ourselves that budgets impact different people in different ways. One thing we need to do is look at what we are doing in our budget and evaluate how each measure impacts men and women. In particular, are the measures that we are taking in the budget actually going to advance our cause of having greater workforce participation among women, having opportunities that are better for women and having real opportunities to ensure equality in the country?

This is a first start. It is the first time it has ever been done in Canada. We worked hard to do it. We are going to get better at this because, obviously, you need to build expertise to actually consider how to do this. I will tell you that what you have seen us do is not only symbolically important, but is long-term important for our country. We have taken some measures this year, but we will continue to focus on this issue.

You saw our early learning in childcare investment. We have committed a significant investment to increasing childcare spaces across this country. We know that it is particularly challenging for women to be engaged in the workforce without adequate childcare. That is an important mechanism.

We also took a look, for example, at our venture capital situation. There has been a real success story over the last number of years with venture capital that has gone through the Business Development Bank of Canada, but what we found was it is not actually as successful for women as men. They are not actually accessing the venture capital as easily, so we put in a special part of the fund for women entrepreneurs so that—for all of us in the room who have daughters or the friends of our daughters—they can see that the opportunity for them in the future is going to be significantly greater and that is clearly what we are trying to achieve. You will see this as an ongoing effort from our government to make sure that we are making a difference in this area.

Q: What can Toronto expect to see from the government's $11 billion investment in housing in Budget 2017?

BM: We put a very significant part of our infrastructure spending into housing. We understand that affordable housing across our country is a critically important issue for so many families that are struggling to get by. The housing stock that we have, the affordable housing stock that we have, needs renovation. We need more spaces, more opportunities for people to find housing. What we have done is put that funding in place that will be really apportioned across the country. Our next step is to come to work with cities and provinces to figure out exactly how we can have the biggest impact. That really starts yesterday, post-budget.

What you can imagine is that, as you think about the demographics of Toronto versus other parts of the country, you can think about the quantum of that fund that is Toronto based. Of course, we want to seek other ways to amplify that. Working with the provinces and the municipalities will allow us to amplify that funding. We are even open to thinking about whether there are ways that we can even use private capital to think about expanding even more in the housing area.

Each thing, one step at a time. We think we are going to have an enormous impact by being part of this equation, and we will make an important long-term difference for people who are trying to be successful with their family and engaged in the workforce.

Q: This is going to be a tough one for you in front of this audience. Bill, what is your favourite NHL hockey team, and do you take selfies?

BM: I actually have not, surprisingly, had so much time to go to hockey games in the last year and a half. My favourite team is the Toronto Maple Leafs. I am happy to say that.

I am actually fairly pathetic at selfies.

Q: We actually have a question from the CEO of Waterfront Toronto: The budget highlights innovation, growing jobs through new technology and bringing together private industry and funders. The proposed infrastructure bank is identified as a key tool to realize those priorities. Can you amplify how the bank might help accelerate job growth and prosperity?

BM: I am delighted to talk about this. There is, I know, at least a number of people in this room who have been part of our discussion about how we can increase the amount of funding that we put towards infrastructure. We identified early on, as a government, that we have got a situation where around the world there are pension funds, institutional investors who, in the face of low interest rates, are seeking to have a significant amount of their assets put into infrastructure opportunities. The reason they want that is because it is a long-term opportunity for them to match the assets they have with the liabilities they have. That is important for them.

They also said that, looking around the world, it is very difficult to find enough infrastructure assets, especially, in places with relatively low political risk. You think about Canada: We obviously have quite low political risk. We have not created the opportunities for our big pension funds to invest in Canada as much as we would like to because we have not created big enough opportunities for them, so we said, "Let us create an organization that will be the place where we house infrastructure investment expertise in this country." We already know we are best in class in this from one angle because our pension funds are best in class in the world at investing outward in infrastructure. We have this expertise already here, so let us find a way to make sure that we build that expertise. Let us build the pipeline of projects for investors to look at from around the world. This is particularly important and continuing to be the case in a low-interest-rate environment. That is really what we are trying to achieve. We are trying to find the projects, develop the expertise so we can actually contract with the funds that might come in to enhance the amount of infrastructure.

What does this do? The question is really: Is it going to have an impact on the short-term? Is it going to have an impact in the long-term? The answer to both those questions is yes. It means we are going to get more projects up and going sooner. Our intent is to get the infrastructure bank up and running this year. Our intent is to have projects that we can look at and consider, projects that are going to provide opportunities for investors and, importantly, increase our productivity. Hopefully, we will have those products this year. That means there will be things starting soon, and then, over the long term, of course, the impact is even greater because we have better roads, better electricity grids, things that are actually going to enhance our productivity. We are going to create a better infrastructure for our long-term capacity together.

Q: Very last question. It comes from the president of OCAD University. How will the budget foster collaboration between business and universities to strengthen Canada's innovation capacity?

BM: We have made a very significant commitment to focus on sectors in our budget. We have looked at places in the world that have been most successful, and they have been places where universities and research institutes, significant firms and an ecosystem of firms around them are able to work together and collaborate to create heightened economic activity.

In Canada, we have examples of where we have been successful. Obviously, in the natural resource sector. In Kitchener-Waterloo, we have been very successful. There are multiple examples. Think about Kitchener-Waterloo and the success between the University of Waterloo and the Perimeter Institute and firms there, like OpenText and RIM that have been successful. Think of all the firms around there that have done well. We want to try and do that on purpose by focusing on sectors. I mentioned three in my prepared remarks, but sectors like the digital sector, like agriculture, natural resources, clean technology, health and bioscience and advanced manufacturing. These are areas we have identified where we think we are already leading, and we can do even better by focusing our efforts in trying to create that ecosystem.

It will be important for places like OCAD that have such enormously creative people there to be part of this equation in many ways. I can think, obviously, how a place like OCAD can have an enormous impact in places like innovative digital economy and how it can be part of what we hope will be a dynamic ecosystem of success. I think that is the last question. I want to thank you very much for all being out, and I apologize for stopping you from eating, but I look forward to meeting with many of you when we conclude the lunch. Thank you.

Concluding Remarks by Jennifer Sloan, Vice President, Senior Business Leader, Public Policy – Canada, MasterCard; Past President, Canadian Club of Toronto

Minister Morneau, on behalf of the Canadian and Empire Clubs, I would like to thank you for sharing with us today, the details of Budget 2017. Merci. We appreciate you choosing our podium or podiums to outline how your budget will create jobs, spur innovation and ensure a stronger future for all of us. While there is angst and uncertainty in international markets, you are right that we must stay the course and defend our national interests.

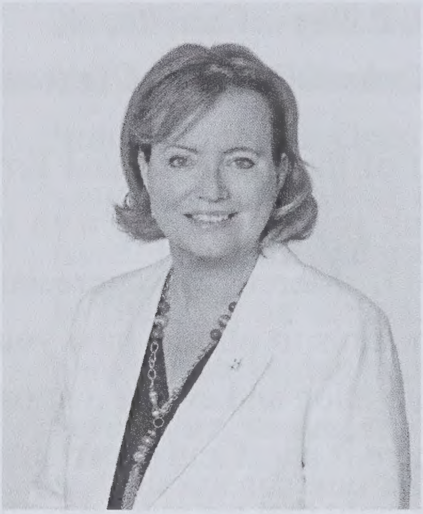
Budget 2017 is as hopeful as it is ambitious. We wish you abundant success as you put your financial plans to action.

We would also like to thank, today, the Fairmont Royal York and its staff; mediaevents.ca, Canada's online event space; and VVC for live streaming today's event.

To learn more about the Canadian Club, you can visit us at canadianclub.org, and for news on the Empire Club, visit empireclub.org.

Ladies and gentlemen, lunch will now be served. Thank you, again for joining us. Have a wonderful day and a great weekend. Thank you.

The Empire Club Presents



THE HONOURABLE
TRACY MACCHARLES

MINISTER OF GOVERNMENT AND CONSUMER SERVICES, ONTARIO

WITH
CONSUMER PROTECTION, NEW HOMES, AND THE HOMEBUILDING INDUSTRY

March 28, 2017

Welcome Address, by Colin Lynch, Vice President, Strategy Growth – Executive Office at Greystone Managed Investments and First Vice President of the Empire Club

Good afternoon, ladies and gentlemen. From the Delta Hotel in downtown Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome to the meeting.

Before our distinguished speaker is introduced, today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment and be seated as your name is called. At this point, I would typically ask the audience to refrain from applauding until all Head Table Guests have been introduced, but I know from experience, nobody ever respects that request, so feel free to applaud as I introduce each guest.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Tracy MacCharles, Minister of Government and Consumer Services, Ontario

Guests:

Mr. Ettore Cardarelli, President, Ontario Real Estate Association

Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation; Director, Empire Club of Canada

Ms. Angela Coke, Deputy Minister, Ministry of Government and Consumer Services; Chair, Public Service Commission

Mr. John Oddi, Chair, Government Relations Committee, Ontario Real Estate Association

Ms. MJ Perry, Vice President and Owner, Mr. Discount Ltd.; Director, Empire Club of Canada

Mr. Neil Rodgers, President, Ontario Home Builders Association; Executive Vice President, Acquisitions, Tribute Communities

My name is Colin Lynch. I am the Senior Vice President of Strategy and Growth at Greystone Strategy Investments and the First Vice President of the Empire Club of Canada. Ladies and gentlemen, this is your Head Table, today.

In my several roles in life, I have been afforded the privilege of meeting many people. Most of us are born with high school dreams, do something that our childhood self saw as cool, and some of us have the opportunity to realize those dreams. Others devote their lives to building enterprise in the hopes of leaving a financial legacy for their families or obtaining a lifestyle that was unattainable to their parents and grandparents. Yet, others of us aspire to impact hundreds, thousands or even hundreds of thousands of lives in a direct or indirect way. All three groups are relevant to our speaker today.

Those of us fortunate to achieve our childhood dreams, did it in some way, with the assistance of the government, whether federal, provincial or municipal. For some of us, we were inspired by teachers; others had parents who moved to our province and took advantage of a framework that provided them with access to healthcare, public transit, social housing, and the list goes on and on. Others of us devote our lives to building enterprise. We do it in one of the most peaceful, stable, equitable and prosperous societies in the world, as measured by a range of statistics from education achievement to literacy, et cetera.

Others of us seek to leave a direct and positive impact on many lives. Our guest is a distinguished member of that group. As Minister, she is at the helm of an agency that delivers a broad array of programs, services and products ranging from health cards, driver's licenses to birth certificates. Most of her 4,000+ employees are the customer service ambassadors of the government. They deliver documents; they enable access; they simplify complexity. In short, they improve our lives.

Minister MacCharles is an inspiring person, not simply because of the role she now plays. She entered public life as an expert in human resources management, serving as vice president of HR at Manulife Financial for the Corporate and IT Services Divisions, and as a founder of her own human resources practice, focused on healthcare, education, human rights, discrimination prevention and business effectiveness. More than that, she has served as an active volunteer in several charities and has been a champion for disability advocacy as the former Chair of the Ontario Accessibility Standards Council.

It is, indeed, a pleasure and a delight, today, to welcome the Honourable Tracy MacCharles to the podium.

The Honourable Tracy MacCharles

Good afternoon, everyone. Thank you, Colin, for that kind introduction. As always, I would like to acknowledge that we are gathered on the traditional territory of the Mississaugas of the New Credit First Nation. Just to put in a little plug for Durham Region: It is great to see so many builders and developers here from the region that I live in, and it is great to see all of you here today.

As you know, I am here to talk to you about our government's commitment to consumer protection and to support a fair, transparent and competitive marketplace where businesses can thrive. I have recently taken on the role of Ontario's Minister of Government and Consumer Services, and, in a sense, I have returned to my roots. My very first job out of university was as a management intern in the former Ministry of Government Services, and my first job as a minister was as Minister of Consumer Services, in 2013 and 2014.

Being back at the combined Ministry of Government and Consumer Services feels a bit like coming home. The issues that the Ministry focuses on are ones I care deeply about. My ministry touches the lives of the 13 million people who call this province home in both far-reaching and everyday kinds of ways. Whether someone is applying for a birth certificate, as Colin said, buying a house or a car, receiving a health card, going fishing or accessing a range of business services, Ministry of Government and Consumer Services is their go-to ministry.

We are very focused on making people's lives better by strengthening consumer protection, supporting a fair and transparent marketplace, making it easier for people in their everyday lives and reducing the administrative burden on businesses. Part of this work means we occasionally have to review, take stock and find ways to do better and move forward.

Our vision is to have the strongest consumer protection laws in Canada, and to ensure they are delivered in a way that makes people's lives better. Achieving this means at times we have to take a hard look at specific areas of consumer protection where, frankly, we could be doing better, where we have to do better because it is what people expect and deserve.

Part of our government's larger vision of being a leading jurisdiction for consumer protection, includes our commitment to protecting the investments of Ontario families in newly built homes. I have heard many voices among consumers, the media, the legislature, of course, the industry, talking about the warranty and dispute resolution process in the new home building sector. The Tarion Warranty Corporation, or Tarion, as we call it, oversees the program for newly built homes in Ontario as well as regulates new home builders in the province.

Let me underscore that a new home building industry in Ontario produces very high-quality housing and the vast majority of purchasers are pleased with their purchases and are very happy to call them their homes.

I always try to keep in mind that buying a house is the largest investment in most people's lives, and it is so important to them. It is so much more than that, of course. It is a home to shelter those they love, where they will create memories with family and friends and build a secure future. Buying a home is a fulfilment of a dream. It is concerning, of course, when my ministry, my office, my MPP, colleagues receive emails, letters or calls from people who dream of owning a home, and that dream turns out to be something less or, in some cases, even a nightmare, and they do not know where to turn.

Here is one example from a single mother who said, "The experience of purchasing my first home was supposed to be an exciting and happy time in my life for me. Instead, it has been plagued with problems and has left me incredibly distressed." As I have mentioned, a strong commitment to consumer protection requires us to review policies from time to time, to determine how we can make things better. That is why in late 2015, the Honourable John Douglas Cunningham was appointed by our government to conduct a public and independent review of the Ontario New Home Warranties Plan Act and Tarion. Justice Cunningham completed a very comprehensive view, meeting with over 200 individuals, homeowners and industry professionals from across Ontario who have had a range of experiences dealing with Tarion and the Act. These consultations included builders, condominium boards, engineers, home inspectors, consumer advocacy groups, real estate professionals, lawyers and subject matter experts. During consultations with homeowners, the perception of the participant was often that Tarion unduly favoured builders. Funded by builders, they clearly operate from a position and the very definition of conflict of interest. This was a common sentiment received by Justice Cunningham.

When builders were the focus of the consultations, particularly the smaller builders, they expressed concern that Tarion favoured homeowners. Here is an example shared by a builder: "I am only looking to be treated fairly. In the honesty of my heart, I do not think I am liable for any of these repairs. Tarion did a poor job of guiding me through this process."

I have been in politics just long enough, I think, to know that when you have both sides a little bit upset with you, that you have probably found a balanced solution to the demands. That is what we often say in policy development and government. In this case, that is not good enough. It is not good enough here. We need *all* the stakeholders in the home building and home buying business on side with a credible and satisfying home warranty model. It is clear we have our work cut out for us.

I believe that the conflicting perceptions homeowners and builders have of Tarion are rooted in the structure and all-encompassing mandate of Tarion that dates back no less than 40 years. Tarion was one of the province's early attempts, using the delegated administrative authority model, to oversee and regulate the sector. At the time, the Ontario Home Builders' Association offered their own new home warranty, and the government determined that warranty protection should be mandatory for all new homes, and the Ontario New Home Warranties Plan Act was born.

Tarion was given multiple roles and responsibilities, including administering the Warranty Plan and guarantee fund, setting many of the terms of the warranty, adjudicating disputes between homeowners and builders, and regulating builders and vendors. If we were doing this, this year in 2017, would we do it differently? The short answer is yes. Benchmarks for modern governance, transparency, accountability and oversight have evolved over the past 40 years in all kinds of sectors. The size and complexity of the building industry have also changed dramatically since Tarion was conceived in 1976 as an independent, not-for-profit corporation. For example, about 50% of new homes built today are condominium units. The sector is changing and evolving.

I want to commend Tarion for the commitment they have made to continuous improvement over the years. They have made important and significant changes, and I want to thank Howard and the team for being here today.

These changes have not been able to overcome some of the structural changes with the organization's multiple functions I mentioned earlier, that of being a rule-maker, a regulator, a warranty provider and an adjudicator. If we were doing this in 2017, would we give the organization all these multiple roles? The short answer is no. Why? As Justice Cunningham noted in his final report, Tarion's multiple roles and responsibilities can give rise to a perception of conflict of interests and could result in an actual conflict or conflicts of interest. In other words, the very structure of Tarion lends itself to the perception of conflict of interest. We have been stuck with these structural challenges since the Conservative government of the day set them up. Tarion's multiple-focus model is unique in Canada and can be confusing and frustrating for both owners of newly built homes and for the builders as well. Just a bit about Tarion and the numbers—this will be very familiar to many of you, but it may be new information to others. The value of the guarantee fund that Tarion administers that backs up the warranty plan sits at about $495 million. There are over 365,000 new homes in Ontario covered by warranty protection. I am going to use the year 2015 to provide you with a brief statistical snapshot of the claims and dispute resolution process. In that year, Tarion received about 56,000 claim forms, and about 10% of these led to conciliation requests for homeowners. About a quarter of these requests resulted in a warranty decision by Tarion.

That means the remainder were resolved between the homeowner and builders or vendors. Of the homeowners who went through conciliation, almost half were dissatisfied with Tarion's service during the process. In 2015, Tarion paid out $11.6 million on a total of 522 homes, including condominium units. That is less than 1% of the total number of homes under warranty that year. Eighty-two warranty decisions made by Tarion were appealed to the Licence Appeal Tribunal, also known as LAT, and 16 LAT decisions were issued in 2015. We do not know how many warranty matters were dealt with in the courts.

Over the past decade, Tarion has paid out over $136 million in warranty claims to homeowners. Improvements have been made over the years to better address the concern of homeowners. I know a number of these measures were taken when I was the Minister of Consumer Services in 2013, and they included things like doubling the maximum paid out per home by the guarantee fund. Actually, that was before me—2006. The amount was doubled from $150,000 to $300,000, and Tarion established the Home Buyer Ombudsperson Office in 2008. I know they took other measures to enhance information sharing and transparency.

Overall, the reality is that the statute governing Tarion has remained virtually unchanged in 40 years, and this is out of step with the times. Unlike other administrative authorities—and we have many of them; I think Dave Collie is here from the Electrical Safety Authority, and they are representing one of several Delegated Administrative Authorities (DAAs) in the province. Unlike those other DAAs, Tarion has authority to make by-laws that are deemed to be regulations, and they do not require approval from the Ministry. The Ministry does, however, receive advanced notice of proposed new regulations and is given opportunity to comment.

I want to thank Justice Cunningham for his thorough and insightful report. The report, along with related Ministry work, has led our government to plan to improve consumer protection for owners and new home builders and to plan a way forward to delivering simple, easy and transparent solutions, so consumers can confidently buy newly built homes in Ontario. A robust plan provides consumers with a fair and equitable system to manage any concerns if they discover a problem in the construction of their new home, an approach that increases consumer confidence in the warranty program by introducing them to modern governance, transparency, accountability and oversight measures.

Tarion is too far removed from government. Its unique structure does not give my Ministry the same oversight tools that it has for other administrative authorities. Our plan involves moving responsibility for setting warranty terms from Tarion to government. We believe that consumers can be better protected by giving government the lead in making rules and setting standards. It is also important to separate the delivery of the warranty program for new homes from the regulation of the builders and vendors. Having the warranty program separate from the regulator could help to deliver fair and more equitable protection for both consumers and builders.

I believe that separating these functions will allow each to focus on their efforts on delivering their respective mandates. It would give consumers greater confidence in the New Home Warranty Plan. The new home building sector is an important driver of Ontario's economy and, quite frankly, I believe it deserves a standalone regulator. It should also support the quality of new home construction.

The new approach of separating functions is a win-win scenario for both consumers and builders and for Tarion as well. This would solve many of the problems, both real and the perceived ones that we have heard so much about. In addition, we want to make the dispute resolution process easier for homeowners. I have heard of homeowners having to diagnose their own home defects and to have to provide the evidence. As Justice Cunningham noted in his report, the average homeowner is not a technical expert in new home construction. We are committed to creating a more level playing field where what is required of homeowners in the dispute resolution process is clearly spelled out. For example, we believe a homeowner should only have to establish credible symptoms of a defect, but should not have to prove the cause of that defect.

I now want to tell you about a step we are taking to immediately strengthen consumer protection. I have asked Tarion to bring new deposit protection measures that better reflect today's home prices and the deposit requirements. Since 2003, the maximum deposit protection for a condominium unit has been $20,000 and $40,000 for other new homes. This has remained changed for about 13 years and that, of course, is back to when there was no Facebook or YouTube. In the meantime, housing prices, particularly in the GTA, have increased dramatically.

At my request, Tarion will be consulting on the expansion of deposit protection with a target implementation date of January 1st, 2018. There will be several options on the table and one important change as well. Right now, deposits on upgrades amenities are not covered by Tarion. They will be under whatever new plan comes out of the pending consultations. These are among the many measures we want to address to enhance protection for owners of newly built homes. The possibility of a multi-provider model, as suggested by Justice Cunningham's report, would, of course, be a significant change. I believe that the plan we are proposing today will solve most of the issues that put moving in that direction on the table. The impacts on cost outcomes would need to be carefully assessed before we took any steps on the topic of a multi-provider model. Same for any other changes I am discussing today.

We are intending to proceed with proposals to implement many of Justice Cunningham's recommendations while we further consider the remaining recommendations. I hope to have a bill in the legislature this fall.

The actions I am announcing today will not increase the price that Ontarians pay for a new home. We know that affordability of housing is something that is top of mind for people across the province. We see it, I think, in the media every day right now. That is why our government is reviewing all options to help make it more affordable and fair whether you are buying a new home or renting. We look forward to sharing further information on our plans in the weeks to come.

Our overall plan, a new plan to better protect investments in new homes is part of our government's larger vision of becoming a leading jurisdiction for consumer protection that will benefit all Ontarians. One example of that is Bill 59, the Putting Consumers First Act, which has been ordered for third reading and, if passed, it will regulate the home inspection industry to better protect consumers. It will curb door-to-door contracts for certain to-be-prescribed goods and services and reduce the risk to consumers who use alternative financing services, such as payday loans.

In late 2015, action was taken to better protect condo owners by passing the Protecting Condominium Owners Act, 2015, marking the first overhaul of Ontario's condo laws in over 16 years. The Protecting Rewards Points Act was passed late 2016, so that expired reward points based on the passage of time alone will soon be illegal. While this may not seem like a major issue, we have heard from so many people that it has mattered in their everyday lives. We listened, and we took action.

We are also taking action to modernize Ontario's corporate and commercial laws to meet the changing needs of businesses and help solidify the province's position as a jurisdiction of choice for business. In addition, we are reviewing the Travel Industry Act, 2002, to strengthen consumer protection and reduce burden on business.

We know that Ontarians work really hard, extremely hard, to save up and buy a new home. Some of the highest quality new homes are built by Ontario builders, and many of you are here today, so I thank you for that. We believe both Ontarians, the builders, deserve to be protected by the strongest and fairest of the warranty protection in the business with a regulator whose only focus is regulation. We look forward to working with all the elements of the new home building sector to strengthen an industry that is so important to Ontario's economic vitality, and to ensure that buyers of newly built homes are protected as well as served. Merci. Thank you. Miigwech.

Thanks, Neil. Thanks, Colin.

Note of Appreciation, by Neil Rodgers, President of the Ontario Home Builders' Association; Executive Vice President—Acquisitions at Tribute Communities

Thank you. On behalf of our 29 locals across the province of Ontario and the board of directors of the Ontario Home Builders' Association, we are quite pleased to host this event for the Empire Club. I would also like to thank Minister MacCharles for your service and your dedication. You call Durham Region home, as does Tribute Communities.

The OHBA values the relationship with your Ministry and government on a host of policy and regulatory issues that we are currently working hard to solve. We look forward to the continued and strong working relationship and to keeping Ontario's home building and renovation sector extremely strong, so, thank you, Minister.

Concluding Remarks, by Colin Lynch

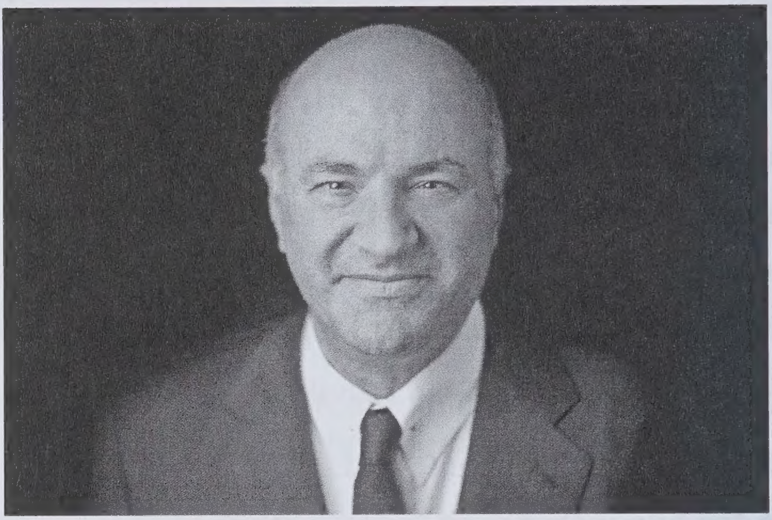
A sincere thank you to our generous sponsor, the Ontario Home Builders' Association and our VIP reception sponsor, the Ontario Real Estate Association, for making this event possible. Without sponsors like these great companies and organizations, the Empire Club lunches would not be possible. Thank you, once again, for your support.

I would also like to thank the *National Post*, as our print media sponsor, and mediaevents.ca, Canada's online event space for live webcasting today's event to thousands of viewers around the world. Although our club has been around since 1903, we indeed have moved into the 21st century, thankfully, and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at empireclub.org. You can also follow us on Facebook, LinkedIn and Instagram, and whatever else you would choose to follow us on.

Finally, please, join us again soon at one of our fantastic upcoming events. We have Kevin O'Leary on April 7th at the Arcadian Court; the Honourable Charles Sousa, Minister of Finance, on April 13th, also at the Arcadian Court; Dr. Eric Hoskins, Minister of Health, on May 29th at the Royal York Hotel.

Thank you for your attendance today. The meeting is now adjourned.

The Empire Club Presents



MR. KEVIN O'LEARY

LEADERSHIP CANDIDATE FOR THE CONSERVATIVE PARTY OF CANADA

WITH
AWAKENING CANADA'S ECONOMIC ADVANTAGE

April 7, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, once again, to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced, today, it gives me great pleasure to introduce our Head Table Guests. Apologies for my voice. You noticed the winter came back today, so one last cold for the season. I would ask that each of our Head Table Guests rise when their name is called. Typically, we say to refrain from applauding, but at this Club, we like to clap. Clap as much as possible when everybody gets up.

HEAD TABLE

Distinguished Guest Speaker:

Mr. Kevin O'Leary, Leadership Candidate for the Conservative Party of Canada

Guests:

Mr. Andrew Boddington, Executive Vice President, Policy Concepts

Mr. John Capobianco, Senior Vice President, Senior Partner and National Practice Lead, FleismanHilliardMr. Mike Harris, Former Premier of Ontario; Senior Business Advisor, Fasken Martineau

Mr. Stephen Hewitt, Senior Manager, Communications & Public Affairs, TD Bank Financial Group; Director, Empire Club of Canada

Mr. Carmine Nigro, President and Chief Executive Officer, Craft Development Corporation

Ms. Sue VanderBent, Chief Executive Officer, Home Care Ontario; Director, Empire Club of Canada

Ms. Christine Van Geyn, Ontario Director, Canadian Tax Payers Federation

Again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President for the Empire Club of Canada. Ladies and gentlemen, a round of applause for your Head Table.

Perhaps now, more than ever, economic anxiety is at an all-time high. People are interested in good jobs. They are looking to make ends meet, let alone being able to afford a house. These are genuine concerns of Canadians who are looking for stability in an otherwise unstable world. In light of this, anyone who wishes to lead this country must have a solid economic vision.

We are privileged today to have Mr. O'Leary with us, to let us know how he plans to unleash Canada's economic potential. To provide the formal introduction to Mr. O'Leary, it is my pleasure to ask a man who needs no introduction to the podium, a proven winner the 22nd Premier of Ontario, Mr. Mike Harris.

Introduction by Mike Harris, Former Premier of Ontario; Senior Business Advisor, Fasken Martineau

Thank you very much and welcome. It is a pleasure to be back at the Empire Club. I think I was here a few times, and then I retired 15 years ago, and you never invited me back. Anyway, that is fair. I understand.

Ladies and gentlemen, I have known Kevin O'Leary for many years, well before his Dragons' Den and Shark Tank days. To me, he has proven to be a smart, honest, straightforward businessman, a great salesman, and I want to say a loyal friend. I am very pleased, then, to have the opportunity to introduce him for his first formal speech of this campaign.

We, in the Conservative Party, have a fine group of candidates running. I know most of them. I am a supporter of most of them, and I am a friend of several of them. I felt the time was right for an outsider to politics to throw their hat into the ring, someone with fresh ideas, someone with real-life business experiences to help policy-making and to help this country.

You know his background. He is a successful entrepreneur, a television celebrity, with a large public profile that quite frankly is an enormous advantage when running for politics. It usually takes two elections before a new leader becomes well enough known to win. That is what it took me before I was able to win in Ontario. Most people I run into forget I lost the first election. I think I came third.

It takes time. With Kevin, the party starts out with a leader with an enormous profile. Half the battle in politics is just becoming known. Kevin is also a risk-taker and a disrupter. He is risking a very successful North American career to launch this campaign. His goal: A better Canada. He has put it all on the line for Canada because I know how upset—Kevin uses a different word—he is that our current government has squandered and continues to squander the sound fiscal books that Mr. Harper left behind.

He has also dared to go where career politicians might shy away from: Using a notwithstanding clause to tighten our borders; asserting the federal government's role as the leader in setting economic policy, even if it means limiting the federal spending powers to do so; urging our party to accept all forms of identities and diversity that characterize a modern, Canadian society; and focusing us like a laser beam on the fact that we have to have an economic policy that allows us to compete in the tough world of international business.

Kevin has come through this campaign a little wiser about politics, but he has also made us open our eyes to re-visiting subjects that less courageous politicians would not dare, and some now have even adopted some of those ideas. This is a long race for all the candidates, but Kevin has shown us how a modern-day campaign can use the tools of social media and the traditional media together to articulate a message that sells. We are going to need that in two years, and Kevin is by far the best communicator in the race.

For those of us who believe that this country is on the wrong path, that is the most important reason why I am supporting Kevin O'Leary. I believe he is the only candidate in the race who can beat Trudeau in the next election, not two elections out. Quite frankly, at the rate we are going, two elections out might be too late for Canada.

My friends, I hope you will join me in giving a warm welcome to my friend, Kevin O'Leary.

I am working on it. I was born in a Montréal hospital in 1954. On paper, my birth was about as average as you can get, smack dab in the middle of the baby boom generation in one of the fastest-growing cities in Canada. Nothing was average about my family or the years that followed. I am the son of immigrant parents. My father was Irish. My mother was Lebanese. My mother taught me almost everything I know about money, particularly, about avoiding unnecessary debt. She always told me debt is a source of almost every problem known to man. The first thing my mother did when she started earning a regular wage was open a bank account in her own name. Having her own money meant she would always have her freedom. The value of money was something I learned very early on. I remember conversations with my mother. I would ask, “Can I have some money?” Her response would be the same every time, “What did you do to earn it?” Almost as soon as I could speak, I was acutely aware that money did not come from hopes and dreams; it came from hard work.

It is easy to understand why my mother fell for my father. He was a happy-go-lucky guy, charming, Irish, but he drank. He played cards, and he caroused—three things that dramatically clashed with my mother’s value system. I was only six years old when my parents’ marriage broke down, and my mother was granted sole custody of my brother Shane and me. She got remarried to a man named George, who became my stepfather and the man I looked up to. After the wedding, we all moved to Illinois, so that my new stepfather could pursue a PhD in business. One day, fed up with the custody arrangement, my birth father, Terry, threatened to come to our home in Illinois and take Shane and me back to Montréal.

Knowing my birth father had fallen in with a rough crowd, my mother did not want that to happen. She did not want us to go back to that life, and she was determined to protect us at all costs. The plan was for my mom, Shane and I to fly to Europe for as long as it took for George to reason with my birth father, Terry, in Illinois, but the trip required cashing in almost all of George's and my mother's emergency savings. After waiting for weeks in a foreign hotel room with two small children, my mother broke down. I will never forget my mother's fear, the look on her face when she finally realized that, eventually, the money would run out and she might lose her children.

That did not happen because, less than eight weeks into our exile, Terry, my birth father, died in Montréal of a heart attack at the age of 37 years old. The struggle was over, but still our precious financial situation was precarious, and my mother's panic about it moved through my bloodstream. I have to say, it changed my DNA forever. I remember thinking I never want to feel this frightened and powerless again. Today, I know with certainty I never want my own children to experience that kind of economic terror the way I did.

This was the exact moment that the seeds of my need for financial security became part of my DNA and my passion for giving access to financial freedom to my family was sewn in perpetuity.

Why am I telling you this story? Because the opportunity for financial freedom should be available to all Canadians and should be a core objective of any federal government. Sadly, under the current disaster of a government we have now, fewer and fewer Canadians will have a chance of experiencing any semblance of fiscal security. How can they even hope for such a thing, when our own government does not have the financial freedom it needs to fund the things that we, as a country, care about: Our environment, healthcare and the military?

Instead, our country is stuck in a black hole of debt that is spiraling further and further below the red line every day. At this rate, Canada will be $1.5 trillion in debt by 2055. I might not be alive by then, but my children will be, and it breaks my heart when I think about their future. How have we let this happen to our country?

The answer is simple. Mediocre career politicians are in charge of our economy, politicians who have lived off government pay cheques for their entire working lives, politicians who have never had to build something out of nothing, who have never had to manage a payroll or be accountable for anyone's livelihood, politicians who have lost sight of the fact that they work for us and that they are spending our money.

Today's politicians skirt around the issues that really matter to Canadians for fear of upsetting somebody and hurting their chances at re-election. Instead of leading with ideas and actions, they lead with platitudes and political correctness. It makes me sick. There is nothing honourable about telling people what they want to hear to keep them happy, especially, when those very people have entrusted you to take care of them and their families.

I have been criticized before for refusing to sugarcoat the truth. People have called me cruel for calling out incompetence. There is nothing cruel about honesty. Here is some honesty, folks: Canada does not work without our economy growing at 3%. Our military, education and our healthcare systems will always be underfunded, and we will continue into this black hole of debt. This means that your grandchildren will take their first breath as Canadians $60,000 in debt, each one of them.

With the election of Donald Trump, the U.S. situation has become more acute. I would have thought that with the U.S. moving to a low corporate and personal tax environment, Mr. Trudeau would have pivoted from his taxes spending agenda of penalizing success and adding to overall debt, as he is doing now. Instead, he is doubling down with anti-competitive carbon taxes and huge increases in personal and corporate tax. When coupled with provincial premiers who refused to develop their resources and instead have their hands out for federal transfer payments, it is no wonder Canada's growth rate has stalled at 1%. That is not good enough. We must do better. It is time for a new a genda.

Canadian families deserve a government that is singularly focused on making their lives better. People everywhere are waking up, and they want a different kind of leader. They are tired of politicians. They want someone with executional excellence, someone who can build a team, execute on a mandate and deliver results. They do not want the same old politicians in charge. They want someone who knows how to create jobs. I believe the role of government is to create a fertile soil where entrepreneurs can grow small businesses into bigger ones.

Today, I am announcing my growth plan, a concise plan that utilizes five different levers to grow the economy and create jobs. These levers are one, significant tax cuts; two, attracting and retaining top talent; three, investing in productive infrastructure; four, reducing regulatory drag; and, finally, five, unbridling Canada's natural resource sectors. These five levers are the key to generating growth and security by making Canada competitive again. Let me explain how. The first lever is tax cuts. Canadians are paying too much in taxes. When you look south of the border, it is clear that our businesses' taxes are too high. This stifles job creation and makes us uncompetitive.

An O'Leary government will cut the federal business tax rate from 15% to 10%, but we will go further. We need to do more to keep capital here, to make sure people reinvest in Canada and its businesses. Here is what we will do. We will eliminate capital gains taxes for individuals and businesses in Canada that reinvest their gains back into a company that has at least 51% of its assets and employees in Canada, within 365 days. If they do that, they will pay zero capital gains taxes. This is a great incentive for investors to keep investing and reinvesting in Canada and its businesses and jobs.

If you think businesses have it badly, Canadian families are being crushed by personal taxes. The fact that some people here in Ontario pay almost 54% tax, in income taxes and personal taxes, is insane. Add in the HST and other taxes, and it is far too much. It is simply uncompetitive. To keep more money in the pockets of all Canadians, an O'Leary government will reduce federal tax rates to make Canada's combined federal and provincial taxes competitive with the U.S. We will also introduce federal tax payer protection legislation to protect against future abuse and ensure Canadians never again have to spend more than 50% of their income on combined federal and provincial income taxes.

I want to pause here for a moment to make clear a distinction. There are a lot of candidates in this Conservative leadership race.

Many of them are also promising tax cuts. Some, however, are suggesting the federal government vacate the tax space to allow the provinces to raise their own taxes. I do not agree with this approach. The federal government has a responsibility to oversee trade and commerce and to ensure our country remains competitive. To achieve this goal, I believe we require a small, but very strong federal government. I do not want some black swan event, like Premier Kathleen Wynne, to come swooping in behind me and raise the provincial taxes. That would defeat the purpose. Many provinces have this problem. They require economic mentorship from a strong federal leader. Canadians need to pay less in taxes. When an O'Leary government cuts taxes, I will ensure they will stay cut. I will not hand the keys over to the likes of Kathleen Wynne or any incompetent provincial leader. I will use our leverage in federal equalizations and transfer payments to ensure the provincial governments act in a fashion that enhances job growth and overall economic growth. The whole point is that this makes all parts of our confederation part of a team striving for a goal of 3% GDP growth. I am tired of politicians who try to shirk responsibility to the provinces. Giving up tax points just to get along is the wrong approach. Provinces have their area of jurisdiction, yes, but it is the federal government who has the power of trade and commerce, and it cannot just turn a blind eye to bad provincial policies.

The second lever of this plan is to attract and retain top talent. Canada's population is aging. Our highly skilled labour force is too small to meet the current and future needs of some of our high-growth sectors. If this is not fixed, we will have a serious problem. We need to make Canada irresistible to top international talent, particularly, in the fastest-growing sector on earth: The digital one. An O'Leary government will do this by fast-tracking the citizenship for foreign students that graduate from targeted programs in Canadian universities and colleges. If they are willing to stay and build their families here, I will personally sign their passports.

We will also accelerate immigration for immediate family members and approved skilled immigrants working in targeted sectors with a goal of bringing them to Canada in less than a year. To do this, we need to know the types of highly skilled workers that are actually needed. To solve this, we will need to work with the CEOs and industry experts to identify their current and future demands. You cannot grow an economy without the right talent in place. We will also dramatically scale up work visas and immigration programs and streamline permanent and temporary programs, so high-growth companies are not held back by bureaucrats and delays.

It is not just our economy that needs the best and the brightest in its rank, but our elected leaders as well.

Therefore, a key piece of this lever is to recruit the highest caliber of talent to the Conservative Party. I am going to build on our strong Conservative caucus by personally being involved in recruiting more top talented candidates.

I am going to put out a call to the best and brightest Canadians with a track record of success and the determination to grow our country. I will build a team of remarkable people, the best in their sectors. Together, this team will do extraordinary things.

The third lever is investing in productive infrastructure. Canada needs to invest in infrastructure that creates jobs and helps grow the economy, not waste our money on pet projects and ribbon-cuttings. Politicians seem to have forgotten that tax dollars are actually our money, not some bottomless piggy bank. We are going to put an end to that. An O'Leary government will take the politics out of infrastructure spending. We will demand that projects are selected based on national objectives and return on investment, a foreign concept to the current government. We will eliminate Trudeau's bureaucratic Infrastructure Bank, and we will prioritize investments that will be growth driven, such as roads, ports and rail. Under our plan, as the economy grows, our trade infrastructure will be modernized to manage the movement of greater volumes of goods and people.

The fourth lever is reducing regulatory drag. Justin Trudeau has overseen a tsunami of new regulations on businesses and ordinary Canadians.

These excessive regulations drive up costs and drive down research and development and job creation. An O'Leary government will overhaul the system and mandate that each regulation that is new must be accompanied by the repeal of two old ones. This will support entrepreneurship by allowing businesses to start more quickly and existing businesses to grow at a higher rate. We will also implement a five-year sunset clause on all regulations to ensure they are still relevant. If it does not make sense, we will simply just get rid of it.

The final lever of our growth plan is unbridling Canada's natural resource sectors. Canada's natural resource sectors are the cornerstone of our economy. Energy, mining, forestry, fishing and agriculture all form the foundation of our competitive advantage, yet Trudeau's unnecessary restrictions and random anti-development moratoriums on these assets have significantly held back our economic potential. An O'Leary government will unbridle these critical sectors in several key ways. First, we will scrap the job-killing carbon taxes. Carbon taxes, as it turns out, are only good at raising revenues for governments and do nothing to reduce emissions. This will be the first Trudeau policy that will be reversed when I get to Ottawa in 2019. I will also leverage transfer and equalization payments to encourage the elimination of provincial carbon taxes.

Second, we will improve environmental assessments and the permanent approval process to accelerate pipeline construction as well as other major oil and gas developments.

Third, we will introduce an accelerated capital cost allowance for oil sands to make it more attractive for capital to invest.

Fourth, we will ensure projects of national importance are not delayed by global protest groups and Hollywood celebrities. Do not come up here to Canada and chain yourself to a pipeline construction fence. If I am driving the bulldozer, you might just get run over.

Fifth, we will encourage private sector market-driven green technology investment by creating an attractive environment for all entrepreneurialism in small businesses.

Sixth, we will allow provinces to retain 100% of royalties from offshore resource extraction, making the terms of the Atlantic Accord a national policy. After all, do we really care who gets to keep these royalties, as long as it goes into the hands of fellow Canadians?

By unbridling these critical sectors, we will unlock huge economic potential, create thousands of jobs and grow our economy. I believe the role of government is to create a fertile soil where entrepreneurs can grow small businesses into bigger ones. Justin Trudeau has poisoned the soil in Canada, and, today, you cannot even grow a weed. I am not a politician, but I know how to create jobs.

I am the only one who can beat Trudeau in the next election. By utilizing these five levers of growth, lowering taxes, attracting and retaining talent, investing in productive infrastructure, reducing regulatory drag and unbridling Canada's natural resource sectors, we will unleash the economic potential of our great country and get our economy growing at 3% again.

If you join my team, I know that together will build a strong, conservative movement. When we get to Ottawa in 2019, we will undo every harmful policy that Justin Trudeau has put in place. In our first 100 days, we will wipe away his mismanagement and make this country competitive again.

I do not tolerate mediocrity, and we will bring to Ottawa a team like you have never seen before. Together we will build something remarkable. We will put my mother's advice to work. We will be prudent. We will spend responsibly, and we will create conditions for all Canadians to have financial freedom. Nothing would make her prouder.

I hope I can count on your support. Thank you very much.

Note of Appreciation, by Mr. Carmine Nigro, President and Chief Executive Officer, Craft Development Corporation

I am definitely not a politician—sorry, guys. Thank you very much, Mr. O'Leary, for the very enlightening speech. I must say that the issues you have raised made for a thoughtful and provoking luncheon. I am also optimistic for the future of our children, knowing your advice and plan for tomorrow is followed. Premier Mike Harris—now that we are so fortunate to have with us today—relayed his message and made it crystal clear to all Ontarians not too long ago by using two very simple words: Common sense. Mr. Harris delivered this simple message to the province, and he became our premier. Now, just like when we were kids playing tag, you are it. It is your turn, and, only now, the stakes are a little higher. It is the country. So, take those two simple words and run with them and share them with all of Canada and become our leader. Thank you, sir.

Concluding Remarks, by Paul Fogolin

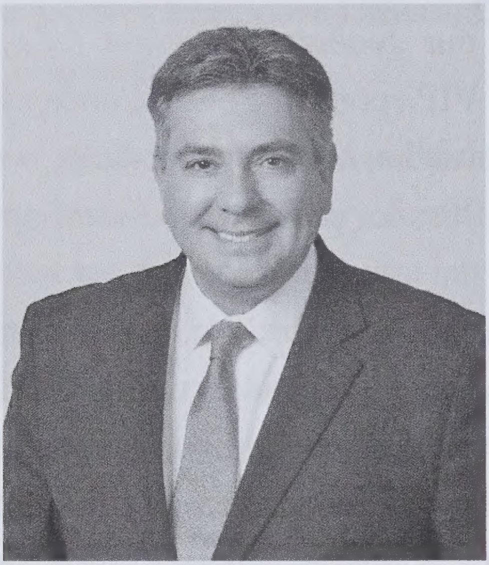
A sincere thank you to our generous sponsors today, Craft Development and our VIP sponsor, Policy Concepts. We are a not-for-profit club and without sponsorship, we could not host lunches like this, so, please, a round of applause for our sponsors.

I would also like to thank the *National Post*, as our print media sponsor, and mediaevents.ca, Canada's online event space for broadcasting this on the web. Although our club has been around since 1903, we have moved into the 21st century and are active on social media. Please, follow us on Twitter at @Empire_Club, and we are also on Facebook, LinkedIn and Instagram.

Finally, we are a club that does welcome politicians of all stripes, so, please, join us next April 13th for Minister Charles Sousa, who will be discussing Ontario's upcoming budget.

Thank you so much for your attendance today. This meeting is now adjourned.

The Empire Club Presents



THE HONOURABLE CHARLES SOUSA

MINISTER OF FINANCE, ONTARIO

April 13, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Welcome, once again, to the Arcadian Court in downtown Toronto. This is the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting.

Before I have the pleasure of introducing our distinguished guest, today, it gives me great pleasure to introduce our Head Table Guests. We all know that the Maple Leafs have made the playoffs for the first time in some years. We can clap for that. What I would like to ask all of you to do, today, is clap just as loudly for our Head Table Guests as you are going to cheer for the Leafs tonight.

HEAD TABLE

Distinguished Guest Speaker:

The Honorable Charles Sousa, Minister of Finance, Ontario

Guests:

Mr. David D'Agostini, Administrator, LiUNA Pension Fund of Central and Eastern Canada

Ms. Michelle DiEmanuele, President and CEO, Trillium Health Partners

Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation; Director, Empire Club of Canada

Mr. Tom Lebour, Past President, Mississauga Real Estate Board

Ms. Monica Masciantonio, Director, Government Affairs, Scotiabank; Director, Empire Club of Canada

Mr. Carmen Principato, Business Manager, LiUNA Local 506

Mr. Bob Richardson, Executive Vice President, Public Affairs, Edelman

Ms. Carol Wilding, Chief Executive Officer, Chartered Professional Accountants

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and the President for the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

Minister Sousa is with us today to talk about the path to balance. It has a nice ring to it, does it not?

Balance is a commendable goal. It is something most of us seek in our personal lives, but rarely achieve. In the realm of government, the balanced budget has become the gold standard against which ministers of finance are judged fairly or unfairly.

How did this become the norm? Why is there this incessant focus on balanced budgets? I believe that former finance minister, Paul Martin, said it best when he spoke to this club just over 20 years ago: "We have always said that fiscal health is not an end in itself; it is simply a means to an end. It gives us the strength to move on, to address our problems before they arise and to manage ahead. Our goal is the goal that we share which each and every one of you, to prepare Canada for the new millennium, for a new economy and to succeed in an era of unprecedented change."

Almost two decades after that speech, the sentiments still resonate. A balanced budget is, in many ways, a symbol of stability. Right now, perhaps more than ever, people are seeking stability in an increasingly unstable world.

Minister Sousa will soon be presenting his fifth budget. Hopefully, we will find out the date soon—perhaps, even today. No pressure, Minister. Either way, his upcoming budget looks to be a historic one. Believe it or not, since 1970, there have only been eight balanced budgets in Ontario. If commitments are met, this will be the ninth. The budget will be the accumulation of a multi-year plan to eliminate the deficit, but it has not been a plan, really, to focus on the bottom line. Since the onset of the global recession, the

Ontario government has also been focused on growing the economy, helping create jobs and providing the programs and services that Ontarians rely on, like healthcare, education and supports for seniors.

Today, Minister Sousa will be describing the choices that his government has made to bring Ontario back to balance, the principles that guided those choices, and, moving forward, what a balanced budget means for creating greater opportunities for families and businesses.

Charles Sousa is, of course, Ontario's Minister of Finance. He is also the MPP for Mississauga South. He led the negotiations with the federal government and other provinces to enhance the CPP. He possesses an extensive background in the financial sector, working at RBC Financial Group for more than 20 years in commercial banking. I want to end on a very brief, personal note. For the last year, I have lived in the riding of Mississauga South. Knowing that the best way to ingratiate oneself with one's new neighbours is to talk politics, soon after moving in, I asked my neighbours, "What do you think of our MPP?" The response was—this is a true story, Charles—unanimous. Regardless of partisan affiliation, everybody respects Charles Sousa. He works hard for the people of his community.

Ladies and gentlemen, I would like you to join me in providing a very warm welcome for Ontario's Minister of Finance, the Honourable Charles Sousa.

The Honourable Charles Sousa

Thank you, Paul, for that very kind introduction.

He is my boss, after all. As you can tell, he is a constituent, and we go out of our way to make our constituents feel happy in Mississauga. I hope you got a nice welcome basket when you moved in.

I am delighted to be back at the Empire Club. We have leaders from many industries, from labour, academia, from business, and from the public sector. You all have many demands on your time, so it means a lot to me that you are here. It means a lot to me that my colleagues are here. We have Minster of Senior Affairs Dipika Damerla here. Kevin Flynn, our Minister of Labour is here. Kathryn McGarry, our Minster of Natural Resources is here, and David Zimmer, Minister of Indigenous Relations and Reconciliation is here.

I believe my Parliamentary Assistant—someone who helped with this budget—Yvan Baker, is here; MPP Han Dong is here, and together we can make some policy right here on the fly. Well, let us save that for after I do the budget. Another colleague of ours is MPP Vic Fedeli, the Finance Critic for the PCs, and he is here as well. I think I am taking questions after the speech, and, please, do not allow Vic Fedeli to ask a question. I also wish to recognize my staff at the Ministry of Finance as well as from the Premier's Office. I would like do a special shout out to my Chief of Staff and the Deputy Minister of Finance who are here as well. They and our outstanding team have been burning the midnight oil to get this budget ready. They deserve a big round of applause for the hard work they do.

It means a lot to me, also, to be joined by my wife, Zenny. She is very generous. She supports many causes, including a lost cause like me. Stand up, Zenny, so they know you are here.

Ladies and gentlemen, I am very honoured, and I am so pleased to have my daughter back home, even if it is only for a few weeks. I get it, but she has been my conscience. I tell you, she loves to feed her pops lots of humble pie. Welcome, Christine.

As mentioned by Paul, I have the privilege of delivering my fifth budget soon. I look forward to sharing it because many of you have had a hand in our strong recovery. Let me begin by saying that Ontario's 2017 budget will be presented on April 27th, and it will be a balanced budget.

We will all have to wait a couple of weeks for full details, but, today, I would like to talk about the principles that have guided us in preparing our fiscal plan and about the choices we are making and, more importantly, about what this balanced budget will mean for the people of Ontario.

I also have to take a pause because I forgot to introduce someone who is very special in the process that I have been engaged with in every budget that I have done.

As you can appreciate, institutional memory in the work we do is critical. At times, you have to bring somebody back to help you guide your way through it. Folks, the Senior Intern at the Ministry of Finance is a gentleman who has been in government for a long time. Please, give it up for Gerry Phillips.

First, let us talk about the key principle that guided us to balance. To do that, we have to go back to the start of the global recession. It was a hard time. It tested people and countries around the world. Some estimates put the total loss at $15 trillion worldwide. It had a devastating effect on global revenues, including Ontario. Ontario lost more than 270,000 jobs. We all know of someone, a friend or family member who suffered. All of us, the government included, were faced with tough choices, important choices. We chose to take a balanced approach. What does this mean?

Some wanted us to make massive cuts across the board to eliminate the deficit, ultimately, harming our recovery. Others wanted us to borrow more, ultimately, passing the burden on to future generations. Instead, we responded by controlling spending, making strategic investments and ensuring we supported what mattered most to Ontarians, like healthcare and education.

I know that some to the right of the political spectrum thought it as Keynesian, and those to the left saw it as still too Friedman. (By the way, someone in my office owes me a beer for betting I could not crowbar the words Keynesian and Friedman into my speech.) The point being, some would rather we rely on monetary policy, while others believe we should have taxed more and spent more.

For our government, it was not about economic theory. It was about keeping people working, keeping services running so that families could get through the recession without losing their homes, so that kids could continue getting a great education and prepare for the future, so that, in turn, when you needed to go to the hospital, you would receive great care. Families mattered most. That was and is our core principle. In the end, what we did was not only the right thing to do, ethically, it was the right thing to do, economically.

We did more than that. We also addressed expenses. We did what many do in their household budgets. We looked for savings. We froze salaries across the public sector. We transformed programs and services to make them more efficient. We took a hard look at measures and policies that were no longer effective and, ultimately, we saved a half a billion dollars a year.

Ontario is the leanest government with the lowest per capita spending of any province. On healthcare alone, our government enhanced services and reduced wait times while holding growth and spending to 2%. But, while we found savings and improved services, some still suggested that we should tax more without regard for businesses that create jobs, so, we cut taxes to help businesses.

We stimulated growth. During those turbulent times, we have made historic investments in schools and hospitals, roads, bridges and public transit, much of which is helping move goods to market faster in our just-in-time economy.

We are continuing to invest $160 billion over 12 years to add more LRTs and subways and to quadruple the number of trips on GO Transit, one of the largest regional express rail systems in North America. These are smart investments.

The Centre for Spatial Economics estimated that for every dollar we invest today, GDP rises $6 in the long run. What does this mean? Businesses become more productive, and wages improve. It is the same principled approach we took to protecting workers and jobs in the auto sector, so that, today, jobs are back. Since the recession, we have added nearly 700,000 jobs. These are good jobs, the majority of which are full time in the private sector and in industries paying above-average wages.

And exports are up. We have seen gains in manufacturing, retail sales and financial services. Household incomes are up. Just this morning, we announced that real GDP increased by 2.7% in 2016. We beat private sector forecast. That is twice the rate of growth for Canada. It is better than Germany's 1.9%. It is better than the U.S.'s at 1.6%. It is better than all the G7 countries. I want to be clear. This is not just a Toronto economic recovery story. Across Ontario, we are seeing more growth and more jobs. Our unemployment rate has been below the national average for two straight years.

Windsor's unemployment rate dropped from 9.8% in 2015 to 6% in 2016, just in one year, reflecting the resurgence in manufacturing. Guelph unemployment fell to 4.8%. In Oshawa, the rate fell to 5.9%, driven by growth and services and construction. More people are working, but there is still more to do.

Our principle remains the same: Do what is best for families, which brings me to my second point, the choices we are making in this budget. The world has changed a lot since 2008, but the principles that guide us have not. When we look out over the economic landscape, each and every day, our focus as a government is to keep building opportunity for our people and to support the vital services that our families depend on; for example, we heard loud and clear that hydro rates are too high. That is because, for decades, successive governments of all stripes failed to make investments in the grid. It was the worst of all possible worlds, a system that did not produce enough power, and much of what it did produce was dirty. We had blackouts; we had smog days; and we were falling behind in the race to lead in cleantech, so we decided to fix it. Today, we have a cleaner energy grid that is the envy of North America. We invested $50 billion to build new power and 15,000 kilometres of new transmission, one that supports thousands of new jobs and builds integrity and reliability in the system.

Fixing all this ahead of the Rust Belt states and neighbouring provinces has come at a price. Although these are long-term capital assets, people are seeing more up-front costs on their bills today. We are financing these assets over a longer period of time and cutting household electricity bills by 25%, and we are capping that rate of increases to no more than inflation over the next four years. This cut will provide real, substantial relief for families, and it is fairer because it does not ask today's generation alone to pay the entire freight.

We also continue to look at ways to provide for more retirement security. Let us not forget, we led the fight to enhance CPP. It had long been a priority of the premier. This historic agreement between the feds and the provinces will significantly improve retirement for many who do not have a workplace pension. Without our efforts on the Ontario Retirement Pension Plan and our leadership, this agreement would never have occurred. However, the question remains: How do we make sure that more people, more families, benefit from Ontario's growing economy? We know that not everyone is feeling a part of this growth. People are feeling insecure and uncertain about their future and rising costs. We get it. We will continue investing in them, helping more people get ahead. That is why we are helping 100,000 more kids access licensed childcare, so that more parents have a choice and the ability to go back to work. That is why we are making tuition free for more than 200,000 students this fall, so that more young people can get higher education and get ahead. It is why we are creating better supports for families who are caring for aging parents, so that the people who raised us and loved us, get proper care when they need us most.

However, we now ask ourselves, how do we respond to new challenges facing people as a result of a strong economy? Take housing affordability and rising rates in the GTA. I am sure many of you are talking about it. I am asked about it every day. On the one hand, strong housing is a reflection of Ontario's strong economy. People are moving to Ontario. We are attracting more people from across the country and the world. It is the highest rate of growth in 29 years. It is a reflection of Toronto's world-class status. People want to be here. We have been growing employment and enjoying higher incomes, but this hot market is making it difficult for many to buy their first home. We all want families to be able to pursue their dreams of homeownership and to help those looking to rent a home. I will be meeting with Minister Morneau and Mayor Tory next Tuesday because all levels of government need to work together to find remedies.

Last fall, our government took concrete steps to help. We doubled the refund on land transfer tax for first-time homebuyers to $4,000 and froze the property taxes on apartment buildings. We know, for many, a house is their biggest asset. We need to protect that investment. We need to take a thoughtful approach and avoid unintended consequences. Having said that, I am concerned about speculators who are playing the market and limiting supply, so I asked Minister Morneau to close the loophole on capital gains exemptions. There are those who go into new developments, buy up a slew of properties, and then flip them, while avoiding to pay their fair share of taxes.

I call them property scalpers. Worse, they are crowding out families that are trying to put down roots. We are going to try to make some corrections in that stream as well. We also hear concerns about vacant properties that sit empty and limit supply. It is unfair that deep pockets are driving up the cost of homes. I said it before, and I will say it again: There is no silver bullet to solve this complex issue, but, in the coming days, you will hear more of what we plan to do, which brings me to my third point. What does this balanced budget mean for families?

This balanced budget is more than a government's fiscal plan; it is Ontario's plan. A plan to make sure everyone in Ontario has the opportunity to benefit from our changing economy and our economic growth, a plan to help those still not feeling better off. In a sense, the 2017 budget represents the start of a new era. We are no longer working to eliminate the deficit, but our principles remain the same: Build Ontario up in a balanced way to protect our economy and our environment; to promote jobs and security; to enable our youth and our seniors; to foster prosperity and fairness. We will continue to create opportunity for Ontarians.

We will continue to protect workers and consumers. We will continue to protect our air, water and habitat, even when some are threatening to rip up agreements, to cap carbon emissions and pave the greenbelt. We will continue to build on what matters most to families.

Eliminating the deficit allows us to redouble our efforts to make lives a little more affordable. A balanced budget means there will be new investments, important investments. Because of our balanced budget, there will be new investments in public education, promoting a highly-skilled workforce. Because of our balanced budget, there will be more funding for communities to build transit and infrastructure. Because of our balanced budget, there will be significantly more investments in universal healthcare, providing us with an economic advantage over most of the world. Let me reinforce this. Ontarians are proud of our highly valued universal healthcare, which makes sure people get the care they need, when they need it, where they need it. The change in demographics are putting a strain on our system with a growing population and an aging population.

I have travelled across Ontario in lead up to this budget. I spoke to people from all walks of life, and what is most important to them—everywhere I go they tell me—is that we invest more in healthcare, invest more in our hospitals. Know this: You have been heard. We take your priorities seriously, so stay tuned for the budget.

We will be making and giving healthcare a major booster shot, one that will make Ontarians even more proud. I can tell you now, today, we are going to help seniors take advantage of public transit. Gerry, you can show up for work on time now. I am pleased to announce, today, that we will propose a new public transit tax credit for seniors ages 65 and over to make it more affordable for them to go to the gym or the library or take their grandkids to a concert, something hip, like Gordon Lightfoot. Come to think of it, he will be eligible for the tax credit, too. This is just another example of how we are making things more affordable and better for our seniors.

Coming to balance also provides flexibility to compete. Coming to balance builds confidence. Coming to balance helps businesses expand to new markets. Ontario's corporate income tax rate is lower than any U.S. state, and the corporate tax measures being proposed in the U.S. are an attempt to catch up; however, a strong relationship with Ontario supports good jobs on both sides of the border. We are making sure American partners know that. New York State's recent decision to drop by American provisions from its budget shows that they understand and appreciate our ongoing partnership. It also reflects our premier's outreach to key U.S. governors who rely on trade with Ontario.

Back in 2009, we had major challenges. The deficit was $19 billion. We made a promise then to chip away at it carefully, and we did. In 2011, the deficit was $13 billion.

In 2014, it was $10 billion. Last year, it was $2 billion.

It was a principled approach, and we never wavered from it because we believed then and we believe now in balancing the books. In fact, we achieved three balanced budgets before the recession. Our plan to return to balance was done in a fiscally responsible way. We wisely took advantage of locking in low interest rates, and we kept interest on debt low. And I know there are critics that never believed we could come to balance, so now that we are, they have amnesia, pretending that the recession never even happened, criticizing us for taking on debt, questioning our fiscal approach. Yet, in the years 2000, the Harris government was spending 15.5¢ for every dollar raised on interest. Today, we are spending 8.5¢, and it will be even lower next year and the year after that. More importantly, our net debt to GDP is improving. This year, with a balanced budget, 100% of every dollar borrowed will be invested in capital assets. Let me remind you, this is capital for new hospitals, new schools, new roads and new public transit in your community. This makes us more competitive in the long term. That is a strong legacy to leave for future generations.

When critics tell you that our debt used for capital investments will be a burden on our kids, they missed the point. I have three wonderful children, all in their twenties, and, as their father, I feel an obligation to them to give them a better life, just as my dad did for me, and I strongly believe that not making these investments would have placed a greater burden on them. It would have slowed economic growth, created fewer jobs and saddled them with much higher costs of making those necessary investments in the future.

The path to balance has not been easy. There have been challenges, no doubt, and there will be new ones, but what we have never done and what we will never do, is take Ontario backwards. Some people like to reminisce about times passed, when in their minds, Ontario was leading the way. It was also a time of coal power and low-skilled jobs. Make no mistake, Ontario leads today. Some would have us go back to compete with China or Mexico for low-wage jobs. We know that is not realistic, and it ignores the fact that Ontario is succeeding and leading today in advanced manufacturing. We are seizing the opportunities of the future instead of indulging in nostalgia.

I understand that makes some of us anxious and uncomfortable, but Ontario's advantages lie both in its people and our diversified economy. The Ontario of today and the Ontario of the future is so much more than what it was in the past. What is driving our economy? Sectors like creative cluster, including film and art, and agri-food processing, ICT, life sciences, as well as advanced manufacturing such as auto and aerospace, and important resource industries like chemicals and forestry and mining, all supported by our world-class colleges and universities. We are tops in financial services in North America, second only to New York City, and we are tops in IT, second only to Silicon Valley. It is imperative we take advantage of our lead positions to marry them into fintech. Our engagement, for example, with MaRS, the Perimeter Institute, Communitech in Waterloo, DMZ right here in Toronto, new commercialization in Ottawa gives Ontario the edge. It is why we are investing in businesses of the future. You should expect more of this as well in the budget, because we must embrace new potentially disruptive technologies while helping people manage change, helping Ontario compete and win, and attracting the best and brightest from around the world.

Along our path to balance, we have stayed true to our principles. These are things we learned from our parents and grandparents. They worked hard and wanted a better life for their kids and grandkids. I am motivated not only to make my father proud; I am motivated to make his granddaughter proud. I want what every father cares about, to give my daughter a better life, too. I hope you will see the principles of a province and its people reflected in the choices we make. This budget is a beginning of a new chapter for our province.

Over the next two weeks, as we take the final steps in our path to balance, my colleagues and I will be making a series of important announcements to help you and your family and my kids, too. We will build on what we have all accomplished together: A stronger, healthier Ontario. Thank you.

Questions & Answers

Q: I think everybody is very interested in housing prices, and you addressed that in your speech. You mentioned that you have the meeting with Minister Morneau and Mayor Tory coming up, and you used the term "[property] scalpers." I know you cannot tell us everything, but can you give us a little more information on what you think might be a solution to those folks?

CS: In this room, there is a lot of experts on this issue, a number of economists who have advised me, a number of trade unions who have been advising me, a number of real estate experts who have been advising me, and what is evident is that there is no consensus. What is the major concern is the unintended consequences of any decision we make. What is obvious, of course, is that there is huge demand because Ontario is growing, and it is attracting so much more to our province and to this region, specifically.

We are looking at a number of alternatives, and we are going to have a comprehensive report to address it, being mindful, though, that market forces prevail here. We are going to need to avoid any overcorrection, but, at that same time, we will take the steps necessary to temper the market because, as many have already stated, something must be done. In short order, you will see some of that coming forward.

Q: Good afternoon, Minister. It is a pleasure to be here today to listen to you, and I applaud your work to build a very strong province and, especially, the attention that you have paid to issues like the climate and energy policy to deal with clean air.

There is another pressing issue in the city of Toronto, which threatens to become more pressing over time. That is the quality of life that potentially is going to deteriorate as a result of increasing aircraft movement from the Greater Toronto Airports Authority. The airport, the number of aircraft movements per hour, has grown significantly and will continue to grow, especially, if the plan is to make the Toronto Airport a regional hub. This is impacting communities all around the city, as far west as Oakville, all along the shores of Lake Ontario as a result of the aircraft moving along the southern downwind. Once, these were peaceful communities in Toronto, but now, the quality of life there is significantly worse, to the point that a lot of people that are complaining. The number of complaints has gone up exponentially. Some of the people that have been complaining have been talking about inability to sleep at night and about having to sleep with earplugs and so forth. The number of advocacy groups in the city is growing. Some of them have caught the attention and support of Mayor John Tory.

The question is what is being done to change the growth plans within the city so that this growing world-class city is not going to be dependent on one airport in one end of the city?

CS: I appreciate the question. Let us be clear: The GTAA, the Greater Toronto Airports Authority, and Pearson Airport are already a major hub, not just for Ontario, but for all of Canada. It is symptomatic of the tremendous growth and the economic prosperity. It is one of the top airports around the world now and so it is attracting so much attention.

You talked about the airshed and, in fact, I have done a lot of studies on the airshed within the area and recognize that the lake effect from the U.S. and others had an impact in our area, as does transportation, definitely. It is why we are taking the steps to promote more public transit, electric transit to the airport, through Union and other aspects, to try to minimize some of that. It is also why we got out of dirty coal. In fact, the worst polluter in that region was the Four Sisters, the Lakeview Generating Station. We had 40 smog days in our region. Last year and the year before that, we had zero. We are taking steps to protect our environment, protect our air, and we are ensuring that we take the necessary measures through cap and trade programs now to foster even more reductions.

All of this, again, is to find a better way to find ease of access to the airport and through the communities, and, certainly, congestion by way of cars is part of the problem. That is why we are taking steps to try to minimize that and improve upon it.

Q: Do not worry, Charles, this has nothing to do with pensions. My question relates to something, which is very, very important to all of us: The Toronto Maple Leafs. You indicated that, in your budget, you were going to have something in there to control house prices in the GTA. My question is about the prices of Toronto Maple Leafs hockey tickets. Will you be doing anything to get those under control?

CS:I have got enough quorum here now to be able to do something about that. If I can get the rest of my colleagues and cabinet to immediately pass a resolution to ensure that only actuaries get free tickets to the Maple Leafs. Let us do that. Go Leafs Go! They are going to win this year. Well, maybe. We will see. By the way, we are balancing the budget. I do not know if you know that. Thank you.

Q: Can you tell me how the revitalization of the OLG is going to affect all of Ontario, for us?

CS: Thank you for that question. As you know, we have around $2.2 billion in dividends that come from the OLG to support hospitals and schools.

It supports a lot of host communities in a tremendous way. In fact, we increased it a couple of years ago, and we are modernizing it because a tremendous amount of capital is required to bring it up to speed, in essence. There are a lot of competing factors from the U.S. who are also looking at participating in the entertainment. We have the OLG also overseeing horseracing and the tracks, all of which is part of our concept of lottery, gaming and racing.

I am excited about some of the work that has been done. I have to tell you, thus far, we have actually seen an increase in revenues because of the tremendous amount of tourism that the modernization of gaming has for some respective communities. There are those communities that have requested us to include them in the modernization process, Niagara Falls being one, from where you come. I have got to tell you, at the request of council, we proceeded to do that, so that they, too, can have some benefit. We are going to provide for new entertainment complexes as well as new supports for the gaming operations, and we are going to attract more tourism into the region, of course, being socially responsible all the while. I am excited, and I appreciate the work that our gaming operators are doing to safeguard jobs to ensure that it continues to support the respective communities that they host.

Note of Appreciation, by Mr. Kent Emerson, Associate Vice President, Municipal and Stakeholder Relations, Municipal Property Assessment Corporation; Director, Empire Club of Canada

Minister, thank you for that news-making speech. You have given us the appropriate amount of information to keep us on pins and needles to the big reveal on budget day. Ontario's budget day is the formal tradition where you present your budget to the members of the legislature and to all Ontarians.

I would also like to acknowledge what seems like an informal tradition of you coming to our Club, the Empire Club of Canada, before each budget.

This is the fifth time that you are speaking in front of the Empire Club. If we had a five-timers club, it would be an awfully lonely place because I believe you are one of the only speakers in modern history that has spoken in our club five times. Congratulations, on that distinction.

Much has changed since you first addressed our Club in 2013, but not your resolve to make the right choices. As a newly-minted Finance Minister, you spoke of the need to balance the books for Ontarians and your determination to do so. I would also like to congratulate you on what you are about to do.

Congratulations, Minister. Thank you for telling us that budget day is April 27th. Thank you for telling us about the booster shot to healthcare and access for licensed childcare. Thanks for announcing, today, the Ontario seniors will benefit from a new transit tax credit. Where did we all learn this? Folks, we learned this all at the Empire Club of Canada. You learned it here first. Thank you very much for coming today. Thank you.

Concluding Remarks, by Paul Fogolin

Thank you, Kent. I usually go back to the podium for the end, but this is more fun with the hand mic. Thanks everybody for attending today. A few more housekeeping items. We simply could not host lunches like this without sponsors. We are a not-for-profit club. I would like to provide a very generous thank you to our lead sponsor for today, LiUNA. Thank you, also, for our VIP sponsor, the CPA. Thank you very much. I would also like to thank our print sponsor, the *National Post*, and mediaevents.ca, who does all our online streaming.

Finally, we have been around since 1903, but we have moved into the 21st century, and the Empire Club is active on social media. Please, follow us on Twitter, Instagram, and I think we also have Snapchat. I do not have Snapchat, but the club has Snapchat. Please, follow us.

One final plug: April 27th is obviously a big day, but we will also be hosting Michael Chong at the Empire Club. If you could find time to make your way to the Empire Club that day, and also to follow the budget, that would be greatly appreciated.

Have a fantastic afternoon, and Go Leafs Go!

The Empire Club Presents

ALEX AVERY, JOHN PASALIS AND JEFF RUBIN

SURVIVING TORONTO'S HOUSING MARKET: STRATEGIES FOR HOME OWNERSHIP

MODERATED BY: GREG BONNELL

April 26, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

While our panelists take their seats, I just want to thank everybody for coming tonight. My name is Paul Fogolin.

I am the President of the Empire Club of Canada. While our panelists take their seats, I just want to thank everybody for coming tonight. My name is Paul Fogolin.

I am the President of the Empire Club of Canada. Welcome, to our 113th season. This is the third evening event we have ever held in the Club's history. I just want to thank, very briefly, Gord McGuire. Give him a round of applause—well deserved. Gord McGuire is on our board, and he co-chairs our Evening Events Committee, along with Amber Kanwar, who could not be with us tonight. She is not feeling well, unfortunately. They have done tremendous work to put together these sorts of events. We are traditionally a lunch club. We have been doing it since 1903, but we decided it would be great to start to do events in the evening. Not everybody could take two hours off in the middle of the day to come and hear people talk about the issues of the day. This is a new thing, and we are thrilled to have a great turnout tonight, and, particularly, for this subject matter.

The title of tonight's event is "How to Survive Canada's Housing Market." It is pretty dire. Before we get started on the panel tonight, we have a prize draw. Adamo C. Palumo, you were the last guy to show up. You get a bottle of wine from Ripasso Bosan, sponsored by Cesari Fine Wines of Verona. Enjoy. It is good wine. I made sure to try it before we accepted it as our sponsor gift.

I am going to invite Derek Serra, from RBC Mortgages, to give the formal introduction of our panelists, but, before we do, let us just reflect on that Toronto is actually number one.

Unfortunately, it does not mean our sports teams; it is in housing prices. We all know that Toronto has actually had the fastest rise in housing prices of any country, in any city in the world last year. This is tremendous for economic growth. It is very exciting for anybody who owns property. It is exciting for people who can enter the market, but it creates a tremendous sense of unease and a massive burden for people, especially, young people who feel like they cannot enter the market.

As we know, this housing hysteria led the provincial government to enact what they are calling the Fair Housing Plan, which I am sure we are going to get some feedback on and reaction to, tonight, from our panelists. Who knows if it will make a difference? Who knows what is going to keep happening? I think these gentlemen will have a better sense than anybody else, so we are thrilled to have them with us tonight. I would like to invite Derek Serra to provide the formal introduction of our guests.

Introduction, by Derek Serra, Regional Vice President, Mortgage Specialists GTR East, RBC

Thanks, Paul. It is nice to be here and nice to be representing RBC here tonight. Again, we have been kind of on a circuit in talking about mortgages, more so than ever before. My line has always been, lately, other than Donald Trump, all people want to talk about is the value of their home and how their mortgage will fit into that kind of perspective in buying and selling and all of those kinds of great things.

At RBC, we have a fantastic team across GTR in terms of our salesforce. And, certainly, we have a few team members in the room. You will spot them out. They all look like bankers. Those are, in fact, bankers that are around you tonight. Anyway, I am sure that this will be a great conversation and one that we are really proud to sponsor. Thanks to the Empire Club for joining us.

On our panel this evening, we have Alex Avery, the Managing Director, Institutional Equity Research Individual for Global Markets, at CIBC Capital Markets; John Pasalis, Founder & President of Realosophy; and Jeff Rubin, economist and author of *The End of Growth*. And we have our moderator, Greg Bonnell. Greg is the Real Estate Reporter and Anchor, BNN. Gentlemen, over to you. I look forward to the discussion tonight. Thanks, Paul.

GB: You can tell by the way that they are elevated higher than me that they have the big ideas. I am the reporter, so I am just going to keep them in line in case they get rough.

Just a little bit about my background: I have been doing real estate for BNN for almost three years now. When I first started on the B, the fallback phrase when I went on TV, was the three hot markets: Vancouver, Calgary and Toronto.

We know what happened to Calgary, and now we know what happened to Vancouver. It seems silly now that three years ago, we would be using language like "hot" because we were nowhere near 33% price growth year over year. As we discuss tonight how to survive Canada's housing markets and how the government is trying to figure out how to fix them—whether they can or not—it is sort of important to start the discussion about what got us here in the first place, so we help them navigate it.

I think I am just going to go down the panel and get quick ideas from everyone about why they think house prices in Toronto got pushed to this level—because everyone I talked to has a different theory to that as well. We will start with Alex and move our way down.

AA: By day, I analyze commercial REITs, including apartment REITs, but a lot of shopping centres and office buildings and industrial buildings and things like that. I have been doing that for about 15 years. About a dozen years ago, I started to notice that a lot of the conversations that I was having with people when I told them I was a real estate analyst, immediately went to, "Is it a good time to buy a house?" That was sort of, I think, the early stages of the euphoria that, I think, has gripped the Canadian housing market. I started, I guess, writing down some of the experiences that I had and figured out that there were a lot of misconceptions that Canadians had about housing. They did not really understand the financial investments, the lifestyle impacts that they were making when they were buying houses.

I published a book earlier, just in the fall, called *The Wealthy Renter.* The objective of that book was really twofold: One was to highlight the merits and the appeal of renting in a homeownership-crazed environment. No one really stands up and says, "You are smart if you rent," or "There is a lot of appeal to renting." I found that, particularly, a lot of young people in their twenties and early thirties felt a lot of pressure to buy homes when you have housing that is moving up at 33% at record price to income, when you have got record low interest rates, record high personal indebtedness. That is not a recipe for success.

I thought it was important to balance out that understanding of homeownership versus rental. The second thing was, more broadly, to educate and give a better understanding to those people who do choose homeownership—I am a homeowner myself—to better before they make the plunge. One of the big themes in my book is really about government. When you look at the housing market, it is no more of a market than the Canadian dairy industry. The government is coach, referee, cheerleader and fan in the game of housing. They determine all aspects of the housing market, everything from zoning and permits to property taxes, development charges, land transfer tax—you can take money out of your RRSP, and you do not have to pay capital gains.

When you actually take a look at the housing market, it is almost entirely dictated by the policy that government puts forward towards regulating the housing market. When you ask what is going on in the Canadian housing market, I would point firmly to policy mistakes that have been made over the last 15, 20 years, and, most notably, they would be the Greenbelt and Places to Grow Acts. Those are, I think, almost singularly responsible for the current state that we are in. Lots of other things have had big factors; for example, low interest rates are just like gas on a fire, but I would say that policy is really what has got us to this point. I would lay this whole problem at the feet of government.

GB: What do you think, Jeff?

JR: Hi, just to introduce myself, my name is Jeff Rubin. For 20 years I was the Chief Economist at CIBC World Markets. I left in 2009 to become an author. I started my career back in 1988, putting out a call for a 25% correction in housing prices, which, at the time, was quite controversial. In the report—and I was looking at it this morning—there are many similarities with today's conditions, and there are many differences. The report marked decline in affordability, speculation, potential inflationary transmission from housing prices to the real economy, but that is not really why I made the call. I made the call not about housing prices at all.

I made the call about interest rates. We had a zealot in the Bank of Canada. He was on an anti-inflationary crusade. Unlike most people—or at least the other chief economists on Bay Street—I believed him. A housing bubble existed all the time. Toronto's housing market was egregiously overvalued for at least three years before it crashed in 1989. If you want to talk about price increases—you mentioned the 33% increase this year—well, from 1986 to 1989, Toronto housing prices doubled. That would mean three consecutive years of a 33% increase.

What I am saying is the market could have crashed at any time in the interim trading period. What pricked the bubble, of course, was interest rates. Do you know what interest rates were when I made that call in 1989? A 91-day treasury bill in Canada was 12.2%. A long Canada bond was 9.65%. We had a hugely inverted yield curve. An inverted yield curve means the bond market is already discounting a recession, and hence, future cuts in short-term interest rates. How did we get to 250 basis point inversion of the yield curve? Well, because Canadian short-term interest rates, under the guidance of Governor Crow, in his crusade against inflation, was no less than 250 basis points above the federal funds rate, which was at the time, about 9.5%.

Really, it was not a call about affordability. It was not a call about speculation. It was a call about the cost to carry because real estate corrections are, ultimately, about the cost to carry, and that was also true in 2007/2008 where we had Fed tightening and the resets on the subprime mortgage rates. Without that Fed tightening, without the resets, who would know where U.S. property values and mortgage-backed securities would be?

What are the circumstances today? For all of Governor Poloz's pontifications about household debt levels, unsustainable mortgage debt, the fact of the matter is that he has ruled out any rate increases, and, indeed, there is probably about a 50% chance still that the next move from the Bank of Canada will be a cut.

While the Ontario government was unveiling its grandiose plan of 16 different points to rein in housing demand from vacancy tax to foreign speculator taxes, as if only foreigners speculate and domestic owners do not, guess what? Five-year mortgage rates fell about 20 basis points because of a curve-flattening rally in the U.S. bond market. If I had to net net, I will put my money on the impact of the 20-basis-point decline in five-year mortgage rates. That is not to say that a bubble cannot be pricked. That is not to say that Toronto's real estate prices are not overvalued. What it is to say is there is no context today to prick that bubble. Until there is a context, overvalued as it might seem, real estate demand and real estate prices have only one direction to go, and that is up.

Later on in tonight's discussion, I will point out what could change that world, but, really, the key here is borrowing rates and what is going to happen to them over the next 24 months. No one here is concerned about a plateau in housing prices. Why people came here today is they are concerned about a crash. The gun is loaded, but there is nothing to pull the trigger.

GB: All right, so we know where Jeff stands on the issue pretty clearly. John, obviously, you have a different perspective. It is interesting: I saw one of your tweets about the psychology of the herd today, and that really intrigued me.

JP: Before we get to that, it is kind of what is going on right now. Toronto's real estate market is really interesting. I think for about 15 years, up to the start of 2016, I would say Toronto's market was pretty normal. Even though a lot of people were talking about a crash because prices were going up 5–10% a year, it was a sustained boom. It was irrational. You kind of read this in the press. It made complete sense. The story of Toronto's boom for 15 years was told very well by a few economists—two from Wharton and one from Columbia—who wrote this paper called "Superstar Cities." What they highlighted were international cities, like Toronto, that are attractive for foreign capital and, in particular, immigration, and that are constrained by supply.

What eventually starts happening is prices start disconnecting from incomes because you have a ton of capital coming in that is not local, and this starts driving up prices at a faster rate. On top of that, you have supply constraints. This is what we see in cities like San Francisco and New York and now Toronto. It seemed irrational because prices were going up so much, but it kind of made sense.

The line where things changed was in 2016. One of the fun things about being in the real estate space is you see things at the ground level. Before it is in the press, before any economist has it in their spreadsheets, you see how people behave. In 2016, and I would say at the beginning of the year, probably 50% of the people that were contacting us wanted to buy a house as an investment. That was it: They just wanted to buy. Most of them were domestic. I would say our clientele is primarily domestic. Everyone wanted a house. When people were contacting us, they did not want a triplex or a duplex or a fourplex; they wanted a single-family home. We did the math and said, "Listen, you can buy a single-family home, but, when you do the math, you are probably losing $1,500 a month." Everyone's answer was the same: "I do not care. Why do I care about losing $1,500? It is going to go up—worst case 10% a year, probably 20% by next year."

Anyone who studies history and economics knows this is not normal behaviour. This alarmed us a little bit. We actually started looking at the data. One of the things that our company does is we try to find what is going on in the data. We published a report last month where we basically looked at every single sale in the GTA from 2014 to 2016. We said let us look at all of these sales, and let us figure out what percentage of the homes that sold were rented out immediately after the buyer took possession. We were able to do this, because we had the MLS sales data, and we had the MLS lease data. This is just MLS leases.

In 2016, the percentage of investors skyrocketed, in particular, in the 905, in areas like Aurora and Newmarket. In 2012, maybe 5% of homes were being sold to investors.

In 2016, 20% of homes were sold to investors. Because we had all of the data in terms of what each investor paid for the house, what their taxes were, what they are getting for rent, it is not hard to calculate if they are making money or if they are losing money using some very basic assumptions. We just assumed that they put down 35%, which was pretty generous. And 95% of these properties are cashflow negative. They are losing money. On average, they are losing $1,300, I think it was.

What has happened in 2016—at least what I am seeing—was this investor psychology kicked in for buyers and investors. For buyers, the feeling was "If I do not buy a house now, I am never getting in, and I have got to pay *whatever* price my agent tells me. And for investors, the psychology was "Why do I not just take out a $200,000-home line of credit, put it down on a property? It is going to make 20% a year." They are not going to find a safer and more secure investment than that. That is really what pushed prices, I think, through the roof in 2016 and in the start of 2017.

To Greg's point about my tweet today about how I find this psychology of housing markets insanely fascinating: If you looked at how people were talking two months ago, everyone was looking at buying a house. The psychology was "If I do not buy a house now, I am done; I will not be able to buy one."

This is how people were talking. You would see them in sales offices. You would see 20 offers on houses and people paying 10%–20% more than homes were worth—just completely irrational prices. In the past four weeks, it has completely changed, and it has changed for a couple of reasons: A) New listings went through the roof. The number of properties for sale is up 50%–60% over last year, which is an insanely high number. B) On top of that, you have more listings, and all of a sudden you have buyers holding back and thinking, "What is the government going to do? Is this going to impact the market? Is what happened to Vancouver going to happen to Toronto?" In four weeks, we went from this panic of buying to everybody stepping back. And houses now, on their offer nights, are getting no offers, or they are getting one offer. It is a complete shift, and it is really fascinating how things can just turn in four weeks.

GB: We know we have got cheap money. We know we have domestic speculators, even though everyone wanted to point the finger at the foreign boogeyman for the longest time. A couple of weeks ago, I was in Ottawa. I sat down with Governor Poloz. He said he cannot stop; the rates are an ineffective tool for stopping the speculation. He actually said to me if he raised rates by 5%, you would not stop the speculators expecting a 30% return.

I asked Bill Morneau if he was going to do something about capital gains. He said no. Then, the Ontario government comes out with its rules, and, as much as Finance Minister Charles Sousa has been beating the drum about the domestic speculator, they did not really go after them. Alex, you talked about the fact that you can lay it all at their feet because of the policy we have had. The government comes out with 16 points to fix it, and did they fix anything?

AA: Two days before they made those announcements, they made a solemn vow—the three of them, Morneau, Sousa and John Tory. They said, "Whatever we do, we will not do anything to increase prices." Then, they introduced rent controls that will stifle the new supply of rental housing. That is exactly what they said they would not do two days earlier. I do not think anything that they have put forward will have much of an impact. Unfortunately, I tend to agree with Jeff that I do not see—the gun is loaded—anything in the near term that is likely to slow down this market. The policy mistakes that were made, were made 10 years ago, 15 years ago, and they should have been better thought out.

We were talking earlier about how the policy announcements that were made last week were behind the scenes being made up until hours before the announcement came out. This is not well thought out. That is one of the most dangerous things about housing policy is that it is so seductive to politicians to use it for political gain rather than in efforts to promote a healthy housing market. The people who are making the decisions are not educated about the housing market. They do not understand, and they do not appreciate the magnitude of the impacts that it can have.

House prices are now extraordinarily expensive. I feel bad for people who are just starting out in a city like Toronto or in Vancouver, where you feel the pressure to get in. The stakes are very, very high. If you make a bad buy right at the top, you could be paying for it for decades, and it could ruin your retirement. If you do not get into the market and it goes up another 50%, you are left behind. Neither of those are good choices. Even the third choice of just a flat housing market is also bad because then you are going to be living house poor for the next 25 years as you try and pay off that mortgage. It should have never been allowed to get to the spot that it is at today. I do not see, really, any near-term solutions for it. My recommendation, when people ask, is definitely do not do it as an investment in terms of buying a house.

Consider renting, and, whatever you do, protect your down side because this is an elevated-risk environment.

GB: I want to ask Jeff, given your knowledge going back to certain bank governors, why is Governor Poloz so unwilling to raise rates? The way I put the question to him was: "We are at ½%; go up to ¾%; go up to 1%. What would be the big deal?" He said he cannot do it. Five percent would not even change it.

JR: He said 5% would not quell the speculators. What absolute, utter nonsense, absolute BS

GB: I should have had you in the room with me. I would have…

JR: Half of that would not only get rid of the speculators, but it would deflate the whole market. Foreign speculators, domestic speculators and non-speculators would all see a massive devaluation in their property values that would have ramifications on lending institutions and the economy as a whole.

Let us understand why Governor Poloz is *correct* in not wanting to address the market: Not because he could not, but because the consequences of that would dwarf the benefits. The first thing you would have is an utter deflation in housing market prices. In 1989, it was about 25%. It took down about half of the trust companies at the time, if I recall.

Olympia and York was funding Canary Wharf at the front end of the Canadian yield curve. There is a very good reason why: Then, there would be collateral damage to financial institutions. We have already seen an Alt-A lender lose about 65% of its share value in the last couple of—that is just a warm-up to what would lie ahead, and it would not just be limited to the AltA subprime market. Also, what were the macroeconomic consequences of the 1989/1990 housing market crash? They were a deep recession. This would be a policy-mandated recession. Lastly, within its own terms of reference, and ultimately the Bank of Canada's primary mandate, as the primary mandate of all central banks, is price stability. There is not an argument to move interest rates. Inflation is barely at the 2% target, and unlike '89/'90, no evidence of acid inflation spilling over to general inflation.

While I disagree vehemently with Governor Poloz's assessment that even 5% would not get rid of the speculators, I would ultimately acknowledge that he is right in not sacrificing the Canadian economy, collateral damage to financial institutions and a hard landing for property values just to quell inflation.

Hopefully, we will discuss a bit later. The interest rate risk does not just lie with what the Bank of Canada does. There are some fundamental changes in Washington that can fundamentally change the picture and, certainly, the Toronto housing market would be collateral damage from those changes.

GB: Let us get to that right now, then. We will go to John. Obviously, what we are talking about is not what Governor Poloz can control, which is just the overnight rate in Canada—the bond market, five-year yields dictate, obviously, five-year mortgages. When Donald Trump surprised the world and took the office, they jumped up. They levelled out a bit, but we could see further moves, higher. Is that what undoes the market, from your point of view, John, when you take a look at the cost of borrowing?

JP: I do not think so. I do not think it is going to go up in any meaningful way to curb demand. Rates would have to go up quite significantly to cool investor demand. I do not think anyone sees that happening anytime soon. I think most of us were expecting public policy to prick this thing and cool it down. I think the cool down we are seeing now in Toronto is going to be temporary. I think it is psychological. I do not think there is anything that has happened. I think people are just hitting pause. In three months, when they realize there is nothing really that has changed, everyone is going to jump back in, and we are going to have 20 offers on houses again. I do not think that is going to cool anything down.

GB: I am starting to hear the same about Vancouver, too, that they were scared, and now they are just going to get back in, and everything is going to go nuts there, too.

JP: They are jumping back in.

JR: When we are talking Donald Trump, we are talking about cutting corporate income tax from 35% to 15%. We are talking about a $15-billion increase in defense spending, not to mention the billion dollars of infrastructure—not just the wall against Mexico, but an infrastructure project spending in line with the highway projects that Eisenhower did in the 1950s. We are talking about a huge increase in U.S. deficits that are funded in the U.S. treasury market, quite apart from what the Federal Reserve Board does.

I think there really is significant risk if in fact that is the fiscal direction taken. The greatest risk—and this is a gamechanger—is if we bring back all those jobs from Mexico and China. Guess what? The price of everything is going up. The grand bargain of globalization is higher profits and lower consumer prices traded off for local production and employment. NAFTA is a perfect example of that. If Donald Trump goes ahead and imposes—forget about the 20% duty on softwood lumber; that has been going on for a long time, and it is a sideshow—a 35% tariff against Mexico and a 45% tariff against China, that is a gamechanger for inflation. This is bigger than just Donald Trump.

Bernie Sanders, from the Democrats, was arguing the same thing, that trade deals have screwed U.S. workers.

If you look over at Brexit, that was the same vote. And Marine Le Pen, in France, is talking about taking France out of the EU and reversing globalization. These are game-changing events.

They inherently involve distributional questions. They inherently involve the loss of the middle class, the reduction in real wages. But the quid pro quo here for getting that production back is higher prices, higher inflation. Higher inflation will be addressed by both the monetary authorities and by the bond market. Therein lies the challenge because, while Governor Poloz is not going to just slam on the breaks, like Governor Crow did back in 1989, I would say from the two to five year part of the mortgages is about the bond market, and that is really going to be about just how far does Donald Trump go in following through on the things that he has promised.

GB: Cannot have four houses and your TV if each one costs $3,000. I made that point on TV a couple of weeks ago. I am going to put Alex on the spot because we want to talk about surviving this real estate market. I find the hardest thing to convince someone is that they should not buy. You wrote a book about why you should rent—not only why you should rent but how you can become a wealthy renter. Convince these people. Maybe some of them are looking to buy. How do you convince them not to buy a house, but to rent a house?

AA: I wrote the book, and that is the message when you look at the front cover, but I think the message really is a little bit more. It is housing is like prescription medicine; everyone has their own prescription, and that prescription can change based on the person, but it can also change an individual person over time. There are all sorts of things that you need to consider. I think, outside of your own personal circumstances, when you are looking at a market that is at record highs, record indebtedness, record low interest rates, that is a good time to take pause and ask, "What is this the equivalent of?" If I am your financial advisor, I come to you, and I say, "Listen, Greg, I have got a great plan. Let us take five times your net worth. We will put it into a single stock that is trading at the highest price it has ever been, highest P/E it has ever been, and everyone in the market is levered to the roof; the transaction costs will be about 10%, and the market is totally liquid. You are going to hold it for 25 years, let us hope."

GB: Put me in it, Alex. Put me in it.

AA: That is a fabulous personal financial plan. That is not to say that the market is going to go down; it is just that if you are not really appreciative and if you say to someone, “Listen, you have got $50,000 worth of savings, why don’t you go out and borrow another $50,000 and buy some bank stock,” which, in Canada is a regulated oligopoly, it is a pretty safe bet that almost no one is going to take you up on that. If they say you have $50,000, let us go out and borrow $950,000—20 times that amount—and buy a house that is going to cost you a lot of money every month, instead of paying you a dividend, that seems to be very popular. That goes back to…

GB: I think I am going to sell my house.

AA: I own a house. There are lots of good reasons to do it, but fear of missing out is not a good reason to get into the market. I do think that there are some challenges. I disagree with Jeff a little bit on the interest rates or the importance of interest rates. One of the things that I found is really bizarre about housing and the whole economist view is that affordability is important. Affordability really is not important, which is kind of a hard thing to wrap your head around. People do not buy houses because they can afford them; they buy them because they want them.

I went down to Manhattan about six, seven years ago. We had a woman who was working on the desk; she was about 26 years old and had a bunch of meetings during the day. We went out for a drink at night, and I said, "You moved down from Toronto nine months ago. How is it going?" She was like, "Oh, New York is fabulous. I absolutely love it."

> "Where are you living?" I asked.
> She said, "The Upper West Side."
> I said, "Oh, how much are they paying you?"
> And then: "How big is your apartment because
> they are notoriously small apartments?"
> She said, "It is 800 square feet."
> In New York terms, that is a palace.
> She saw the shocked look on my face,
> and then she said,
> "No, no, no, I have three roommates."
> I was like, "You have a boyfriend and
> another couple?"
> "No, no, no. Four separate people living
> in an 800-square-foot apartment with one
> bathroom."

That is a perfect example of a housing market where the price of housing is not dictated by what people can afford, but by the amount of people who want to work there.

I would say that, in the case of the Toronto crash, which Jeff correctly called ahead of time, which almost no one did—perhaps no one but Jeff—I would say that employment was another big factor in that one, in addition to interest rate changes. If we were to see a material change in employment, I think higher interest rates would probably coincide with that in the sense that—well, interest cannot really go up. The economy is over-indebted too much.

GB: Right. I am going to put this question to all three panel members. I want to start with John. I asked the Finance Minister last week because they all agreed—the politicians and the economist—that 33% does not make sense. It is not sustainable. It is not a healthy growth in home prices. I said, "What is the number? If you are trying to cool the market, if you are trying to bring stability back to the market, give me a number." Whether he did not have the number, or whether he did not want to share the number with me, he just said, "I am not going to put a number on it."

I did some research. TD Bank put at least an average on it a couple of years ago. In your mind, I am going to start with John: In a healthy market like Toronto, what should we expect, annually, in terms of price increases? Or do we say, "That is okay; we are cool with it"?

JP: I think everything we have had up to 2016 was not a normal rate of appreciation, which fluctuated between 3% to 10%. I think that is relatively high; let us not kid ourselves. That is a booming market. That is not a normal rate of appreciation, but it made sense for

Toronto. It did not seem speculative. Everything was pretty normal. I think that is normal. Now, we are obviously in this crazy period.

AA: The long-term rate of appreciation of houses over a long, long period, hundreds of years, is about 1%.

JP: The problem with this—and every economist says this—is every economist says this is a justification to not own a home. They all own homes, which is the irony.

AA: For the record, I am not an economist.

JP: I know. I think the problem with this, and I think why most people—not yourself—looking at buying homes do not connect with this economic argument that most academics make that it is only going up 1% and it does not make sense to buy a home—yes, certainly when you are looking at the U.S., as a whole, sure it does make sense. If you are including the Rust Belt and everywhere else in the U.S., yes, it is probably 1%. But, if you are buying in what I talked about earlier, these superstar cities—if you are in San Francisco, New York, Houston, Toronto and all of these places that are booming—that is not true. I think that is one of the problems for homebuyers. They hear these stories, and it is completely disconnected from what they see. It is not just Toronto; it is everywhere else.

AA: It is not everywhere else, though.

JP: It is.

AA: It is absolutely not everywhere else.

JP: It is most other booming, urban, core cities.

AA: Sorry, did you just define the subset of cities that you are talking about with high prices as cities that are booming?

JP: Yes.

AA: In all of the booming cities, house prices are booming?

JP: Yes.

AA: I agree with you.

JP: The numbers that I have seen, it is—

AA: No, no, I totally agree.

JP: I did not say all the house…

AA: In the booming cities.

JP: My point is that in the main urban centres, in these areas that are—

AA: Except for Montréal, except for Ottawa, except for Calgary, except for Edmonton, except for hundreds of large cities in the U.S.

JP: Yes, exactly. They are not as supply constrained.

AA: They do not have high house prices.

JP: They are not attracting as many international—how many people are immigrating into Montréal, Ottawa and Québec City? It is not the same.

AA: It has the highest population growth.

JP: Having said that, I am not going to sit here and argue that this is the best time to buy real estate. Obviously, there are tensions here. I think what is happening now for Torontonians is if you are buying a house because you expect your house to go up 30% next year, you are a little foolish because this is a big assumption. And it is possible, but I think it is a big assumption. I think anyone—and I actually agree with you—who is buying a house today should factor in the assumption that they are not going to make any money for ten years. I think we are going to this place now where people who are going to buy a house, are going to buy a house for the reasons you should be buying a house: "I work a lot, and the idea of renting a home and getting kicked out every year or two is not ideal. I want a place of my own, and I am going to be there for 10 or 15 years. I do not care if 10 or 15 years from now, in real terms, my house is not worth that much more than it is today. I would still be happier with my own home than if I rented." I think that is what people should be getting to.

GB: Is that a survival strategy, then? When we talk about surviving the market and not being so worried about this is where I am going to live? It is a survival strategy to be thinking in terms of "I am going to be here 10, 20 years; I do not care."

JP: Yes, 100%.

GB: When I did not know what I was doing in my twenties, I wanted to go buy a condo because I got married, and that is what you do. When you get married, you buy some place. I remember my boss just showed me the little thing. He said, "Your house will probably do this. Do not do this, do not do this, do not do this, but if you stay in it long enough, you are going to be all right." That is like our fallback strategy. Some people make the plunge because that is what they want. Do not get hung up on the paper value. I am not hung up on the fact that my house has gone up in the past ten years because it is just on paper. What does it matter to me? My mortgage is this much; I pay this much a month.

JP: Yes, I think so. I think so. Obviously, I think the problem a lot of people have is about whether they are overextending themselves? One of my agents sent me an article—I have forgotten what paper it was in, where she found that 81% of millennials who own property feel like they need to sell it because they are overstretched, financially.

This troubles me because if you feel overstretched financially, that is a decision; that is not the market. That is you not thinking about where you are going to be three years from now: "I am getting married; I am going to have two kids. What does this cost?" And you are overstretched, financially. It does not just happen. It is a matter of people who are not planning and budgeting and thinking what they are going to need five years from now and of whether they can afford this house. Thinking about your finances is crucial.

AA: I agree. And, with respect to the 1% thing, I have a very similar view of that number, myself. What I was going to add, though, to your point about these superstar cities is, I think, that the context for Toronto is understanding what happened when we bought in the Greenbelt and the Places to Grow. For anyone who follows the stock market, we have three groceries in Canada. We have Loblaws; we have Metro, and we have got Sobeys. If one day you came in to work, and Metro and Sobeys announced that they were closing all of their stores, and they were never going to sell groceries out of those stores again, and, not only that, no one else ever could either, Loblaws' stock would go up about 100%, maybe 200% that day because they would immediately have an oligopoly, and the supply and demand dynamic of grocery selling would have changed absolutely dramatically.

When we brought in the Greenbelt, and when we brought in Places to Grow, that is what happened to the Toronto housing market, but the Toronto housing market does not behave the same way that the stock market does. People do not forecast forward, so this 7% compound annual growth that you saw over 10 or 15 years was just really the market catching up to what should have been an overnight 40% or 50% increase in prices and then normal growth on top of that. If you decompose that 7%, interest rates came down a little bit, which improved affordability, but the supply of housing basically stopped, and population kept growing. You have some inflation in there, and, really, that 7% was not very remarkable at all. I agree with you. This 33% is now just pure speculative frenzy. I do not see it stopping.

GB: I am going to give Jeff the final thought, and then we are going to open the floor to questions.

JR: There was no Greenbelt to blame it on in 1989.

The Greenbelt did not even come into existence for 11, 12 years later, so maybe there are some other dynamics at play here. People ask whether you should buy or rent. There is only one circumstance in which renting makes sense, and that is if you think there is going to be a big decline in housing prices. Do not forget: At today's interest rates, how much of your payment goes to amortization? A lot more than in the days of 1989, when the treasury bill was 12%, and mortgages were 13 or 14%. Quite apart from slamming on the brakes, all asset values have their self-equilibrating mechanisms. You mentioned there are more listings. We will find an equilibrium, but it is not for Mr. Morneau, the Senate or for Poloz to say what is a targeted return for prices, what is a targeted return for the TSX, what is the targeted return for the Canadian fixed income market. It is what it is. There is going to be some years where the TSX is up 25%.

There is going to be some years where it is 10%. Why do not we just invest it in bank stock? It does have all the oligopoly protection. But is it not funny, all those rents chase bad acquisitions in the U.S., so maybe it is not quite the safe ride it is that the chartered banking system would provide. I would say that at today's rates, at today's amortization schedules, the only real scenario in which it makes sense for you to rent and not buy is if you think that we are going to see an '89/'90 kind of correction in housing prices. I would not argue, and I would be the last person to argue that that could not happen again. I am just saying I do not see the trigger.

AA: I think that is irresponsible and dangerous advice.

JR: As opposed to buying bank stock?

GB: Do you want to open up the floor, let other people pick our brains up here?

AA: Sure.

JR: Yes, let us open it up.

Q: I will introduce myself. I am Peter Gilgan. I am the founder of a little homebuilder called Mattamy Homes.

AA: You had lunch with one of my colleagues today.

Q: Yes. I would say that I am a little experienced in this topic, but, anyway, you talked a lot about laying some of the blame at the feet of the provincial government for the Places to Grow Act, et cetera. You guys have all talked about how it would be nice if we had a more stable market, which we all would welcome. Describe how you think we would introduce more stability into the housing market here, in Southern Ontario, ten years from now.

AA: When you look back at what the Ontario government did with the Places to Grow and the Greenbelt Acts—greenbelts, I think, are a misunderstood dynamic. People think they are about the environment. They think that this is an altruistic thing for the future. The reality is that greenbelts are driven by municipal budgets. If you go back to the 1960s and 1970s, when you had massive suburban sprawl, that was at times when low energy prices, governments had very limited debt, and the plan was "We are going to build all this sprawl, and then we are going to pay off all the infrastructure," and, by the time we need to replace the infrastructure, anyone in the investment world in the last ten years has heard nothing but massive estimates of what the deferred infrastructure deficit is across almost every North American city. The Greenbelt was, really, I think, more of a reflection of a lack of fiscal discipline within governments, municipal governments as well as provincial governments. When it was brought in, it was brought in as a stopgap solution to their inability to continue to finance low-density infrastructure.

If you go back, and you read all of the academic work on greenbelts that acknowledges some of this economic driver behind it, every single piece that you read will say, "Great idea. These greenbelts lead to more sustainable cities, less carbon footprint, all of these fabulous benefits." And I agree with all of that, but every piece of research, every piece of academic study starts with one statement, and it is always, "Before you bring it in, invest massively in transportation infrastructure." That is what we did not do. If we had a high-speed rail link to Peterborough, a lot of the excess population growth and constraints that we have would be satisfied by housing up there. If you could get from Peterborough to Union Station in 35 minutes, that would change everything. If you could get from Milton or Guelph or Hamilton to downtown Toronto, that is really the solution.

The reason that I think we are in a really bad situation—and I do not think there is a near-term solution—is building that transit infrastructure is a 10-, 15-, 20-year, and in the case of Toronto, a 50-year exercise. That is really what needs to be done to make it a more sustainable housing market. I am concerned. I do not know what the future holds, but as I alluded to earlier, up is not good, and flat is not good, and down is not good. We are in a tough situation.

Q: Thank you for the presentation. Quick question. You have been talking about the housing market as if it was a single entity, but we have condos and we have houses in Toronto, and I think the prices are driven by different factors. Maybe each of you panelists can talk about that as well. Thank you.

GB: There was some suggestion, too, that it was all about single-family homes. Now, it is bleeding into other segments because you cannot afford a single-family home. What do see in it, John?

JP: The markets—I would say the condo story is probably the most interesting thing about Toronto's condo market. This is the one segment everyone thought was just going to explode. You would see these stories about 25,000, 30,000 units being under construction and how we were going to be oversupplied and that they were all being bought by investors. And the interesting thing is that the exact opposite has happened.

At least in the short-term, in the past three, four months, it has actually been the condos that have been lower in terms of supply, lower than single-family homes in the resale market.

Condos are booming right now. I think it is a combination of the mortgage rule changes that were put in place in November really put a lot of people who had less than 20% down out of buying a single-family home. It is done. Your budget got slashed by 20%. Your only option is a condo. That, combined with, obviously, the other factors, which are demographic and people really preferring to be in the core. All these stories we read about in different media sources of people wanting to raise a family downtown is true. People are just preferring it to have a different lifestyle—so not commuting for two hours. I think what is happening in Toronto is—and this is why I do not necessarily think the solution is more single-family homes—when cities develop, and they grow, you adjust from growing up assuming you are going to have a detached home on a 50-foot lot, to one where living in a condo is normal. That is the way most cities are. Toronto is unique for a grown-up city where that is not a serious option. I think we are getting to that point now.

AA: I would say that anytime you make an investment in real estate, you are making an investment in two things: One is the building, and the building goes down in value all the time, always, continuously forever with no exceptions. The only thing that can go up in value is the land. That is depending on where the land is. If you buy land in the middle of nowhere, it might be worth nothing forever, but, to the extent that you have positive dynamics, you can get land prices going up. To the extent that you want to maximize your real estate investment over long periods of time, you want to maximize the percentage of the investment that you make that is represented by the land and minimize the building portion. That is an entirely separate conversation from what your personal accommodation needs are, but I would say that in the short term, definitely.

We had a surge of completions and condominiums last year. The market got a little bit spooked by the magnitude, worried that it would not get absorbed. It got absorbed just like that, and now there is actually a shortage in the pipeline. I think we saw an 11% condo rent increase in the last 12 months, which is huge and was unexpected, but I expect that you will probably see that for the next year or two as we continue to have a shortage. It is a shortage of aggregate housing in the shorter term.

In the longer term, the only way that we can satisfy the demand for more accommodation in Toronto, absent some significant policy changes, is just more high rises.

In terms of supply and demand, you are going to see a lot more supply of condos, and single-family homes in the GTA are almost tapped out. As a percentage of the whole, there might be another 3% or 4% supply increase. If we do not have policy change, that is all the single-family homes that we will have.

JP: A quick comment on the earlier question because I think it is very interesting, the first question about what we do ten years from now to cool the market or to manage it. I was in Dubai about two months ago to look at how their government manages their real estate sector. Obviously, my role, coming from Canada, was connected with what they can learn from developed countries that do. While there are a lot of things we—my counterpart and I—were able to tell them that they can improve on, it was fascinating. Because we went there, and, because their market is so new, they are doing things that we do not do here. What I mean by that is that they have so much information about what is going on in their market. They can introduce policies instantly to change it. Every new construction property is registered on the land registry system. It cannot be assigned without people paying taxes. If people start flipping properties in short periods of time, they track it, and they will instantly introduce a speculation tax if more than, say, 10% of people are flipping homes. They have so much data at their fingertips and are really able to manage it. I think that is one of the problems we keep hearing about in Canada.

GB: Either we do not have the data, or no one is willing to actually collect it and tell the truth about it. I think we have time for one more question.

Q: You mentioned Toronto as an international destination and attracting foreign speculation, and you also brought up that flexibility in foreign countries to adapt with the housing market. In that context, how effective is the conversations around the foreign tax being discussed, taxing the foreign buyers at 10% and following the Vancouver model?

AA: I think it is politically expedient. I do not think it will have much of an impact. I think people can get around it. I think there is lots of domestic speculators. John will probably be able to talk to that better.

JP: The foreign buyers are a bit of a scapegoat. Of course, there is a lot of foreign speculation and investment. I think domestic is probably higher. I think these rules they put in place are really just to make it look like the government is doing something when they are really not. There are so many loopholes. The only person who really qualifies to actually pay this tax is someone who, literally, has no connections to Canada, puts their finger on a map about where they want to drop $1 million to invest and chooses Toronto.

That is kind of the only person who is going to have to pay that tax because, if you have a kid here who is going to university for a year, you can now invest. If you are here on a part-time, one-year contract, you can invest. It is not going to have a big impact. Like I said, all this slowdown is just psychological because people are worried sales are going to drop 40% the way they did in Vancouver.

GB: Jeff, I am curious, who were we blaming in 1988 when house prices were running up? I was not paying attention; I was in high school.

JR: We were blaming speculators, at the time. We were blaming people flipping houses. All of that was happening, but, at the end, we blamed the Bank of Canada because I think that for many years, the real estate industry and financial institutions that were lending to the real estate industry were materially impacted. I think credit for realtors—there was a quantum change there. I do not think that financial institutions, not just trust companies, but banks, just like in 2007, never realized, in the U.S., that there could be a real estate correction of this magnitude, hence they did not engineer their due diligence to accommodate that. When that happened, there was huge financial fallout. I am not, personally, so convinced that there would be any less financial fallout on lending institutions if we replayed 1989/1990.

Again, as I have argued, there were special circumstances that pricked that bubble.

Maybe the Trump agenda will provide the circumstances for a whole resetting of interest rates, and then there is a real risk. I think the lesson from '89/'90 was basically that both the industry and the lending institutions were unprepared for the severity of the price shock that occurred.

GB: We could talk about this all night, obviously. I want to thank the three gentlemen for making my job so easy. I just sat back and listened.

PF: We have hosted over 20 events at the Empire Club this season. I can say, without reserve that that was one of the best discussions we have had. Another round applause for our panelists and our moderator.

And it is my pleasure to invite Derek back up to officially thank our panelists. Our next event is on May the 5th. It is a lunch event. It is not an evening event, and it is with the new CEO of the Royal Ontario Museum and the CEO of the Art Gallery of Ontario, together, talking about our cultural institutions. We like to mix it up at the Empire Club and provide a lot of different types of events.

Concluding Remarks, by Derek, Regional Vice President, Mortgage Specialists GTR East, RBC

Thanks so much. Gentlemen, that was great. I think the one piece I would add to all that discussion is really just that when you are thinking about buying or anything that you are doing now more than ever before, clients need advice, and they need to sit with a professional who understands the market, who can provide very educated advice and move at the speed of the market. That is something that RBC is great at, and that is why we have become the leading, trusted brand in Canada. And, something that I would highly encourage all of you to do, if anyone is thinking about buying, is to not look at the CIBC guy. Another great brand. For me, it is about advice and sitting with your bank and talking about these scenarios. This is more important now than ever before because there is just so much discussion about it and so much uncertainty. In certain cases, when you have the advice, and you are working with the numbers, you get a better understanding of what is possible, what is doable and what the future looks like.

We were just really pleased to be a part of the event tonight and look forward to chatting with others afterwards. Again, great discussion, gentlemen. Thanks so much.

THE HONOURABLE MICHAEL CHONG

MP FOR WELLINGTON–HALTON HILLS; LEADERSHIP CANDIDATE, CONSERVATIVE PARTY OF CANADA

WITH

MY VISION FOR THE CONSERVATIVE PARTY

April 27, 2017

Welcome Address, by Colin Lynch, Vice President, Strategy Growth – Executive Office at Greystone Managed Investments and First Vice President of the Empire Club

Good afternoon, ladies and gentlemen. From the Royal York Hotel in downtown Toronto, welcome, to the 113th season of the Empire Club of Canada. For those of you just joining us through either our webcast or podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask each guest to rise for a brief moment, and be seated as your name is called. At this point, I would typically ask the audience to refrain from applauding until all Head Table Guests have been introduced, but I know from experience that nobody respects that request, so feel free to applaud as I introduce each guest.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Michael Chong, MP for Wellington–Halton Hills; Leadership Candidate, Conservative Party of Canada

Guests:

Mr. David Bissett, Founder, Bissett & Associates Investment Management Ltd.; Member of the Order of Canada

The Honourable Pauline Browes, Member of the North American Trilateral Commission for Environmental Cooperation

Ms. Carrie Chong, Program Director, CPC Healthcare Communications Toronto (and Spouse of Michael Chong)

The Honourable Peter Kent, MP, Thornhill; Official Opposition Foreign Affairs Critic;

Former Minister of the Environment

Dr. Paul Little, Senior Pastor, Living Hope Alliance Church (Brampton and Georgetown)

Mr. Jim Medeiros, CFO, Bluesky Hotels & Resorts Inc.; Director, Empire Club of Canada
Ms. MJ Perry; PhD Student in Theology (University of Toronto); Director, Empire Club of Canada
Mr. Dean Wood, CEO, BorderWorx Logistics Inc.

My name is Colin Lynch. I am the Senior Vice President of Strategy and Growth at Greystone Managed Investments and the First Vice President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

We live in an interesting age, one that is technologically advanced, innovative and digitally connected. Our age is also a hopeful one and a skeptical one—"hopeful" based on the advances that we have seen across many areas of endeavours, and "skeptical" based on what many see as a lack of authenticity.

Politics, as a field, has borne the brunt of this increased skepticism. We see this not only in the remarks of our less politically inclined friends and colleagues, but in the broad decline in participation rates in elections. My understanding of politics is that it is a field of significant intensity and pressure, intensity driven by several needs: To serve constituents in your riding, to serve the needs of your party in Ottawa or in other ridings and to represent your constituents in the creation and modification of laws. For those who hold cabinet posts, this has added the obligation to provide leadership to an organization the size of a large corporation. Our distinguished speaker has not simply performed those roles, but done so with the desire to improve our country in the most fundamental way, by strengthening our democracy.

Michael Chong is a household name, not because he has served as a cabinet member or because he has a distinguished track record of service to our country. He is a household name because he has so boldly put the interests of our nation, the integrity and strength of our democracy, at the centre of what he stands for.

Michael's story is inspirational, not in the idyllic sense of portraying an impossible Canadian dream, but in representing the values that define our national story. Michael is the eldest son of a Dutch immigrant mother and Chinese immigrant father. His parents' families were defended by and liberated by Canadian troops in the Second World War. Michael's father worked as a lumberjack, becoming one of the first Chinese Canadians to be accepted into medical school. Michael appreciates and understands that diversity is what unites and enriches Canada, as a country.

Michael was elected to the Parliament of Canada in 2004, representing Wellington–Halton Hills. He was appointed as Minister of Intergovernmental Affairs, President of the Queen's Privy Council of Canada, Minister of Sport in 2006. Michael resigned from cabinet in November 2006, stating that, "I believe in one nation, undivided, called Canada."

As a backbench MP, Michael proposed the Reform Act to increase the power of party caucuses, an act that was given royal assent in 2015. Under the Act, each caucus votes at the beginning of each parliament on whether or not it will adopt the Act's procedures that give caucus the power to review and remove the party leader, elect and review the caucus chair, expel and readmit caucus members.

On May 16th, 2016, Michael launched his campaign for the leadership of the Conservative Party of Canada. Today, it is a true delight to welcome him to the podium of the Empire Club of Canada.

The Honourable Michael Chong

Good afternoon, everyone. Bonne après-midi. C'est un grand plaisir d'être ici aujourd'hui avec tout les monde. Thank you very much for that kind introduction and for inviting me here to speak to the Empire Club today. I want to thank our hosts and sponsors of today's luncheon, E-L Financial Corporation Limited, David Bissett, thank you very much; and BorderWorx Logistics and Ted Michalos of Hoyes, Michaelos & Associates. Thank you for sponsoring this event, and thank you all for coming out to talk about the future of one of Canada's two major national parties, the Conservative Party of Canada

Yesterday was big news. Kevin O'Leary quit the race. There are two conclusions we can draw from this. Firstly, this race is wide open. Secondly, O'Leary quit the race because, as he said yesterday, quite simply, he cannot speak French. He quit the race because he concluded his lack of French meant that he could not win in 2019. What that means for the remaining 13 candidates in this Conservative leadership race is this: Those candidates who cannot speak French cannot lead the Conservative Party of Canada. That means that there are only three credible candidates remaining in this race. Those are Maxime Bernier, Andrew Scheer and me, Michael Chong.

[Remarks in French.]

I think it is clear that this race is now down to these final three candidates, and Conservative Party members have to take a serious look at which candidates can speak French and which candidates cannot and which candidates can win in 2019.

Let me take a few minutes to outline my vision for the Conservative Party of Canada and let me tell you why I believe I am best poised to lead this party if Conservatives want to win the next federal election. As Conservatives, we come from a proud tradition. We are the original governing party of Canada. It was John A. Macdonald and George-Étienne Cartier, who articulated a Canadian conservatism unique in North America that balanced the interests of the individual with the collective will of the public good. It was John A. MacDonald's administration that led the nation-building projects, the collective projects of building a national railway that led to Confederation 150 years ago this very year. Without that collective nation-building effort, Canada would not exist; British Columbia would not have entered the union; the railway would not have been completed in 1884; and we would not have survived on the north half of this continent.

That vision of our potential as a country and a uniquely Canadian conservative balance of individual rights and service to the nation continued under subsequent Conservative leaders. Conservative leaders like Robert Borden, who led Canada through the dark days of the Great War, where 60,000 Canadian soldiers, who leveraged that terrible tragedy to lay the groundwork for a full Canadian independence a decade later, were killed; RB Bennett, who created great national institutions like CBC/Radio-Canada and the National Research Council; John Diefenbaker, who laid the ground for the Charter of Rights and Freedoms by introducing, in 1960, the Bill of Rights; Brian Mulroney, who, in the 1980s, led the charge on the international stage against South African apartheid in the Commonwealth and who led the charge to take Canada out of the National Policy and into the North American Free Trade Agreement; and, more recently, Conservative leaders like Stephen Harper and Peter MacKay, who set aside their own personal ambitions to merge the parties in the Conservative movement and who pragmatically and practically steered Canada through the global financial crisis of 2008, the worst financial crisis that we had experienced since the Great Depression.

I would argue—and I would win the argument—that Canadian conservatives and the Conservative Party have produced the most profound and positive impacts on the country today, have produced the relative prosperity that we have enjoyed today and the unrivalled quality of life that we call the Canadian experience.

We may not be the natural governing party of Canada, but we are indisputably the workhorse of Confederation. In that historical context of the proud tradition of the Conservative Party, I view the current leadership race with some dismay. I see leadership campaigns that have played to anti-immigrant sentiment and that have proposed extreme policies. I see campaigns that have targeted and scapegoated minorities in this country. You cannot play to anti-immigrant sentiment and then act surprised when not just one, but two white supremacist groups endorse your campaigns, like they have done with Kellie Leitch. I have seen campaigns that have ignored the plight of our Indigenous and Aboriginal peoples and have proposed to unilaterally scrap treaty rights that are enshrined in the Canadian Constitution. I see campaigns, all the other campaigns, who have not presented a credible policy to reduce emissions and to address the real threat of climate change, despite overwhelming evidence that Canadians want it addressed.

I see campaigns that have no real plans to get our economy moving and to address the real headwinds that we are facing as a Canadian economy. I see campaigns who believe it is not important for the leader of the Conservative Party, the person who wants to be the next prime minister of this country, to speak French. A serious candidate and leadership campaign would have prepared to speak French, as Stephen Harper did and as I did. These extreme policies of the other campaigns will ensure our party's defeat in the next 2019 election.

Let me tell you how we can win in 2019 and why I am the leader that can win in 2019. Since our country was founded 150 years ago when Macdonald and Cartier brought together two very different peoples, four different colonies, speaking two different languages with a myriad of competing sectarian and ethnic groups, our party has been marked by inclusivity and generosity. That is the kind of conservatism I want to build on; that is the kind of optimistic conservatism that I want to create; and that is the kind of conservatism of opportunity I want to give to every Canadian. I want to build a party that includes Canadians of all races, all religions, all creeds, a party that includes Canadians from all regions of this country, centred on our shared conservative values, values such as a belief in individual liberty, in the acknowledgement that we, as conservatives, need to be wary of an overly powerful state that intrudes into the lives of its private citizens; a belief in the power of free markets but also a belief that sometimes markets fail, and when they do, governments have a responsibility to step in to help the most vulnerable in our society; a belief in limited government and lower taxes; a belief in equality of opportunity, not equality of condition; a belief in giving agency to its citizens; and, importantly, a belief that Canada is not simply a collection of different groups with no common identity, but, rather, we are a nation of 36 million citizens on the north half of this continent who share a common identity and common purpose, who share common democratic institutions, a history together, and a common future together.

I want to lead a party that presents policies based on these conservative values. That is why I have proposed one of the largest income tax cuts in Canadian history, an $18 billion personal and corporate income tax cut that we would introduce in our first budget of the spring of 2020, mere months after the next election. We need to reduce personal and corporate income taxes. They are stifling growth, and they are suppressing business investment. The Trump administration's recent announcement of much lower U.S. personal and corporate income taxes makes my plan even more essential. If we do not reduce our taxes, both personal and corporate here in Canada, we are going to see a flight of business investment to south of the border, and the brain drain will surely follow. It is why I have also proposed credible policies to reduce emissions, because at the root of what it means to be a conservative is to conserve our environment for future generations.

We, as conservatives, have a proud tradition on environmental issues, a tradition that we lost in the last ten years, a tradition that we must reclaim. We are the party that created Canada's National Parks system with the establishment of Banff National Park, by John A. Macdonald. We are the party that established the Acid Rain Treaty to reduce pollution, with the administration of Ronald Reagan and Prime Minister Brian Mulroney, in the 1980s. We were the government of the 1980s that came forward with the Green Plan that signed on to Rio, the precursor to the Kyoto Protocol. We are the party of the environment, and, we, as conservatives, need to reclaim this proud tradition. That is why I have proposed a revenue neutral carbon tax: Because it is the cheapest, and it is the most conservative way to reduce emissions. It is based on free markets and much smaller government, and it is the source of revenues to pay for this $18 billion tax cut.

My plan starts with these tax cuts so that Canadian families will have more money in their pocket at the end of the year. My plan will also do good for our environment. These conservative values are also the reason why I have proposed sweeping democratic reforms to our political system because we, as conservatives, believe in the fallibility of humanity. We believe that no one person should have all the power. If I become party leader, as prime minister, my government will introduce the most sweeping reforms to our political system in the history of this country. We will reform the Senate, the House of Commons and political parties, to sweep out back room political elites and return power back to ordinary people to make our democracy much more participatory and, most importantly, to restore the role of the elected Member of Parliament as a representative of their constituents.

This issue of democratic reform is critically important, not just for conservatives, but for Canadians. We need to renew our democracy, to restore people's faith in our common democratic institutions, especially, in the face of a surge in populism that we have seen here and elsewhere around the world. A lot of opposition leaders have promised democratic reform only to renege on it when they get in government. My track record proves that I will implement these reforms, if we form government, and, especially important for conservatives, in light of the cynical and broken promise of the current Trudeau government on electoral reform.

Let us take a step back and take a look at the other candidates in this race. What do they offer? Not much. As I mentioned earlier, Kellie Leitch's plan to anti-immigrant sentiment, as are other candidates in this race, hoping that a divide-and-conquer strategy of wedge politics will lead to victory. It will not, and it will lead us to a well-deserved defeat. Forty percent of this country, today, is foreign born or born to a foreign-born parent. This is a strategy that will lead to a loss in 2019.

None of the other candidates have proposed a credible policy on emissions, which is not just an environmental question for us; it is now increasingly an economic question. Oh, sure, some of them have talked about providing incentives and working with green technologies to reduce our emissions, but none have come up with a concrete plan that is based on conservative principles of free markets and smaller government. One candidate in this race, Maxime Bernier, is proposing deep income tax cuts, but he is proposing to pay for them by eliminating more than one third of all federal program spending. Think about that: *Eliminating more than one third of all federal program spending.* Let us take this in the historical context. The deepest cuts to the federal public administration and federal programs took place under Finance Minister Paul Martin, in 1995. In that subsequent three-year period, the Chrétien government cut federal programs by 10%. They were savage cuts; they were deep cuts, and they affected provincial, education and healthcare systems for the following decade.

Under Prime Minister Stephen Harper, we cut 6.5% of federal programs over a five-year period to balance the budget in 2015. What Maxime Bernier is proposing are program cuts that are five times the size of what the Harper government proposed. We have seen this move before in the last Ontario election. The Ontario PCs proposed to eliminate 100,000 public service jobs in this province, and we all know what happened. They snatched defeat from the jaws of victory, and they handed a tired old government another win.

What Canadians will respond to is well thought out policies that will control expenditures and reduce the deficit, stimulate our economy, protect our environment, while controlling government expenditures. Another extreme policy: Maxime Bernier has proposed to eliminate, for the first time in 50 years, the federal government's role in the delivery of public healthcare. He has, in effect, proposed to eliminate the Canada Health Act, Canada's most cherished social programs on which rests the five principles of healthcare delivery in this country. That is a recipe that will lead to defeat in 2019. I want to lead a party that actually comes forward with real policies to address the real concerns of ordinary Canadians, not a party that gets distracted by ideological issues of little consequence.

A lot of time and energy on this campaign has been a debate about supply management in our dairy sector. When I walk the streets of Fergus with my wife and kids and we go grocery shopping at the local Zehrs, people are not talking to me about the price of milk. It is not, perhaps, a perfect system—our system of supply management for dairy, eggs, poultry and turkeys—but there is no absolutely pressing issue here from Canadians' perspective. The cost of food, as a percentage of household gross income, has plummeted in the last 40 years. Never before in the history of humanity or in the history of Canada has food been cheaper than it is today.

Ten percent of a typical household's gross income goes to food. Before the Second World War, it was more than 50%.

You know what the pressing issue is that ordinary people are concerned about, that is dashing the dreams of millions of Canadians, especially, those in the middle class, an issue that every other candidate in this race has ignored? That is the issue of the cost of housing. The cost of housing is out of reach for most and, increasingly, for many families in this country. I am the only candidate that has proposed a credible plan to put housing back on a sustainable track, and it is a conservative plan. I will privatize the Canada Mortgage and Housing Corporation's mortgage insurance business. This business that we have been engaged in is recreating the housing bubble of the 2008 financial crisis. CMHC is, in effect, the Fannie Mae & Freddie Mac of Canada, whose organizations had implicit guarantees from the U.S. government. The rapid expansion of mortgage credit has led to unsustainable rises in household debt and the corresponding skyrocketing cost of housing. It is absurd that the federal government is socializing the risk on the back of taxpayers, while privatizing the profits that the banks generate.

Maxime Bernier and Steven Blaney continue to one-up each other on the issue of supply management, but as Canadians enter the ballot box in the fall of 2019, what are they going to be asking themselves, about the price of milk or the price of housing?

Finally, we have candidates, as I mentioned earlier, who are in this race, who cannot speak French. The debate is over, as Kevin O'Leary pointed out yesterday.

To do so otherwise, it is to disrespect the 25% of this country, whose first maternal language is French, and it gives the Liberal Party a head start in a third of the ridings in this country where Francophones have a majority or a deciding vote in the outcome.

I have worked hard to learn my French over the last years. I say to people I started in Ottawa as a unilingual, English-speaking MP 13 years ago, just like Jean Chrétien started in the 1960s.

I just want to say a few words in closing. Let me tell you a little bit about myself. As was mentioned earlier, I am the son of immigrant parents, and I am very proud of it. My father, who came here from Hong Kong in 1952, was a Chinese immigrant to this country. My mother was a Dutch immigrant, who came here from the Netherlands in the 1960s. They came here in search of a better life for themselves and their children. They met here in Kingston, Ontario; they got married; and they had four children. I have got a brother, of the second generation of Chongs, who is a surgeon in British Columbia. My other brother works here in the city at Sick Kids as a medical researcher in cystic fibrosis research, and my sister studied French at university. I want to acknowledge my wife, Carrie, who is here today, for all of her hard work and support over these last

11 months and beyond. My wife, Carrie, is the other side of the Canadian story. Her family arrived on a boat to the Port of Montréal in 1830 from Scotland. They have been here for generations. My kids—they have a Chinese last name, Chong—can claim origins that are a quarter Dutch, a quarter Chinese and the rest is a mélange. Part of that mélange is from Newfoundland, and they are in French immersion in public school in Fergus. That is a Canadian story. It is a story of millions of Canadians across this country.

My youngest brother, who is the surgeon in British Columbia, he married a Franco-Ontarian. He has two children with Caroline. Peter and Caroline, my niece and nephew, their two children, are Francophones. I say to people, my father came here as a Chinese-speaking immigrant, and the second generation of Chongs are Anglophone.

This is my story, and it is a story of millions of Canadians who have come here in recent years and those in the more distant past. It is to those people, to Canadians, that we have to tell these stories in order to be able to win in 2019. In other words, we have to broaden the Conservative Party and speak to all Canadians.

Finally, there are two polls that I want to highlight in this race that I think are the ultimate ballot question for Conservative Party members. There was a CTV Nanos poll that was conducted last December that asked Canadian voters who was the most appealing conservative leader.

Of all the candidates remaining in this race, we came out on top as the most appealing leader to the average voter. Abacus Research today issued an analysis of their current race and concluded in its analysis that I am the most appealing leader to the average voter out there. I think that is an important question and important fact. Those are important facts that Conservative Party members need to think about as they start marking their ballot next week and in the following four weeks. I want my fellow Conservative Party members to dwell on that as we head to May 27. What kind of leader do you want at the end of this leadership process? Where do you want that leader to take the Conservative Party? Who is the leader that can take on Justin Trudeau and the Liberals in 2019? I have the story and the plan that speaks to Canadians. I have the story and the plan that appeals to Canadians. I have the story and the plan that can win in 2019. Merci beaucoup.

Q: Michael, excellent presentation. I am very interested in knowing your thoughts on Andrew Scheer because you specifically focused on Maxime Bernier. Obviously, it is going to come down to two candidates. What is your feeling on Andrew Scheer?

MC: I think that we have had a number of leaders of our party from Western Canada, and I think that being a national party it should not make a difference where the leadership of the party comes from, but I do believe that we need to win here in Ontario, and we need to win in Atlantic Canada where we have not a single seat. We need a leader that can appeal to suburban voters here, in the GTA, can appeal to voters living in suburban regions of Montréal and voters living in cities like Guelph, Cambridge, Waterloo, Toronto and other cities across this country.

I understand the challenges facing families here, in the GTA and in the city of Toronto, quite simply because I live here. I have been elected as a Conservative MP in the GTA for the last five terms, so I understand the challenges facing Canadians in these large city regions, which are precisely the areas of the country that I need to win in order to form a government. Thanks for the question.

Q: Hi, Michael. I echo my friends. We mark that as a great speech. I wish all the conservatives can hear from you on this issue. Just wondering, you touched on a housing issue, specifically, about privatizing the Mortgage Corporation's mortgage insurance business as one solution. I guess most Canadians would like you to elaborate a little bit more. I hope you have more than just that privatization, and maybe you can share your views on this.

MC: Thanks, Ricky, for the question. Look, this is the biggest issue facing the Canadian economy: The unsustainable rise in housing prices and our record high levels of household debt. What governments have been doing over the last ten years is not working. We have been tinkering around the edges. Since 2009, we have introduced a myriad of changes to the mortgage market in order to try to cool it. If anything, the opposite has happened. Housing prices have continued to accelerate at even faster rates. It is clear that we need fundamental reforms to our system, reforms that organizations like the IMF have been calling on us to make for years. It is why Minister Jim Flaherty, some five years ago, talked about privatizing CMHC's mortgage insurance business and said that we should get it done in the following five to ten years. We are not at year five when he made that commitment, and I think the government needs to take it on.

Quite simply, we have a demand-driven problem in our housing market. When you take a look at the broad statistics, homeownership levels in Canada are at record high levels, and they are at record high levels in the OECD. Clearly, this is a demand issue. While foreign, non-resident home buyers may be a factor, I believe—and the research points to this—that the overwhelming driver of demand in our housing market is the government's mortgage insurance program, which guarantees the bank's default risk. More than one third of all Canadian mortgages are fully backed by the full faith and credit of the Government of Canada through its default risk, through its mortgage insurance program. Essentially, the banks love the program. They are churning out mortgages like there is no tomorrow because, for $500 billion of those mortgages, they have zero risk. It is all borne on the Canadian taxpayer. That is what has led to these unsustainable rates of mortgage credit growth, and it is what has led to skyrocketing housing prices.

We have seen this move before in the United States. The exact same thing happened prior to the 2008 U.S. housing crash. Fannie Mae & Freddie Mac, while not U.S. federal government corporations, had implicit guarantees from the U.S. federal government that if any default happened, the full faith and credit of the United States government would step in.

That is exactly what happened. We are repeating the mistakes that they made, and it is time for fundamental reforms to get the government out of this business of privatizing profits and socializing the risk. And it is time for the return of the federal government to its proper, traditional role as an overseer of systemic bank risk by strengthening the Office of the Superintendent of Financial Institutions and ensuring that bank mortgage risk is properly priced, that taxpayers do not bear the risk, and that the banks do not take on undue risk. What that will do is lead to more sustainable rates of mortgage credit growth. That, in turn, is the only long-term solution to putting housing back on affordable tracks so that middle-class families can, once again, afford to buy a house in Canada's cities.

Q: There are many people, I am sure, in this room, who are big supporters of yours, and I think I am the number one. Hopefully, I am. What can we do, what can one mere person do to help you in the last 30 days? What can we do to help you when we are voting or on the ballot day? What can we do?

MC: The number one thing you can do is tell your fellow Conservative Party members to vote for me on the first ballot. The reality is that, typically, in a leadership race like this, only a third of party members actually vote. Perhaps, in this race we will see voter turnout closer to 50%, but the reality is a lot of money, so to speak, a lot of votes, so to speak, are left on the table. Encouraging your fellow Conservative Party members to vote in this race and vote for the only candidate who has presented a credible plan to take the economy, the environment and our democracy forward would be really helpful for our campaign.

We are trying to build a much bigger party that includes many more Canadians and many more regions of this country. I think that is a message that resonates with a lot of people. As I pointed out in my opening remarks, I am the kid of immigrant parents. We live in a country that is increasingly diverse, and we need a Conservative Party leader that can reach out and re-earn the support of immigrant communities. I understand the immigrant experience. It is an incredibly important thing for a leader to understand in order to win over ethnocultural communities in this country.

My first language was not actually English; it was Dutch. My mother spoke to me in Dutch, as a kid, and dad spoke Cantonese and Mandarin, but he was always at work, so I picked up a lot of Dutch when I was a kid. When I was five years old, and I went to kindergarten in Ponsonby Public School, just down the road from where I live today, they did a pre-kindergarten evaluation of my aptitude, and they had no idea that I was half Dutch.

They just knew I had a Chinese last name, and they could not figure out why I had this massive speech impediment, that I could not pronounce any of the words, until they called my father and said, “He does not need remedial speech therapy. His mother is Dutch.” So that was my diagnosis for kindergarten. I tell you that story because I get the immigrant experience. If we are going to win, as conservatives, we need to be able to go into these communities and say that we understand your challenges, your fears, your hopes, your dreams, your aspirations, and we are the vehicle, the party that can carry those forward. Thank you very much. Merci beaucoup.

Note of Appreciation, by Pauline Browes, Member of the North American Trilateral Commission for Environmental Cooperation

Thank you, Mr. Chair, Michael, Head Table Guests and friends. I want to thank the Empire Club for hosting this wonderful opportunity for us to hear firsthand the thoughtful and thorough outline of the issues that Michael has illuminated for us today and his vision for Canada in the first quarter of this century now and for the future.

When Michael says his first language was Dutch and he had a Chinese father, he did not tell you that he looks fabulous in a Scottish kilt. On top of that, he speaks French. How Canadian is that—and wonderful! Yes, Michael has this background. He has the understanding and the knowledge of this great city, of this great province and this great country. We are proud of his political success for more than a decade in the Parliament of Canada, his entrepreneurial experiences that he has had, and we are truly grateful for your leadership in this campaign.

Michael's policies and the issues that he has defined for us today concerning getting the economy moving, jobs for the kids, environment—environment is big—housing, all of these issues are so important for us as we take those issues to the people of Canada. Michael and my paths crossed a few years ago concerning the issues establishing the Rouge National Urban Park right here in the GTA.

Michael's enthusiasm, passion for this initiative was most encouraging. He was the advocate in Ottawa, along with Peter Kent, who was the Minister of the Environment at the time, to have Canada's first national urban park right here in Toronto, Markham and Pickering. This is groundbreaking. This is wonderful. He gets things done.

Yes, protecting the environment and promoting the economy are priorities that we have heard today. He has approached this campaign for the leadership of the Conservative Party of Canada in a principled, resourceful and innovative manner with practical and creative solutions to the issues today.

We thank you, Michael, for demonstrating your leadership and charting a course of action for our country, concerning a myriad of issues, important issues. You have articulated for us your assessments, your ideas, your vision for Canada and for charting the advancement for the future of Canada, as we are challenged by the internal issues that we have in this country as well as our international obligations. Your thoughtful and integrated approach to the issues are those that we commend, we endorse, and we support. Canada will certainly be in very good hands with Michael as the leadership. I want to vote today! Maybe you want to vote today. We thank you so much for your remarks, and we wish you all the best in the weeks ahead.

Concluding Remarks, by Colin Lynch

Thank you for those remarks. I would like to also extend a sincere thank you to our generous sponsors, Ontario BorderWorx Logistics, E-L Financial and T. A. Michalos. Thank you, also, to our VIP reception sponsor, David Bissett, for making this event possible. Without sponsors like these great companies, Empire Club lunches would not be possible. Thank you, once again, for your support.

I would also like to thank the *National Post*, as our print media sponsor and mediaevents.ca, Canada's online event space, for live casting today's event to thousands of viewers around the world. Although our club has been around since 1903, we have, fortunately, moved into the 21st century, and are active on social media. Please, follow us on Twitter at @Empire_Club and visit us online at empireclub.org. You can also follow us on Facebook, LinkedIn, Instagram and anything else you can think of.

Finally, please, join us again soon at one of our fantastic upcoming events. We will have a discussion on the future of Canada's cultural institutions, featuring the CEO of the ROM and the CEO of the AGO on May 5th, at the Arcadian Court. Minister of Health Eric Hoskins will be speaking on May 29th at the Royal York Hotel.

Thank you for your attendance today. The meeting is now adjourned.

The Empire Club Presents

THE FUTURE OF CANADA'S CULTURE INSTITUTIONS: HOW ARE OUR CULTURAL INSTITUTIONS EVOLVING TO MEET THE 21 CENTURY NEEDS OF OUR COMMUNITIES AND OUR CITIES?

WITH
JOSH BASSECHES, DIRECTOR & CEO, ROYAL ONTARIO MUSEUM AND

STEPHAN JOST, DIRECTOR & CEO, ART GALLERY OF ONTARIO

IN CONVERSATION WITH
VALERIE PRINGLE, BROADCASTER AND JOURNALIST

May 5, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the Arcadian Court in downtown Toronto, welcome, once again to the Empire Club of Canada. A hush falls over the crowd. For those of you just joining us through either our podcast or our webcast, welcome. Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table Guests. We have some fabulous ones today. I would ask that each guest rise for a brief moment when I call their name. Typically, this is where the master of ceremonies says hold your applause until the end, but we do not do that here. Clap as much as you want as soon as I call the names.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Josh Basseches, Director and CEO, Royal Ontario Museum
Mr. Stephan Jost, Director and CEO, Art Gallery of Ontario
Ms. Valerie Pringle, Broadcaster and Journalist

Guests:

Ms. Anne-Marie Applin, President, Applin Marketing; Director, Empire Club of Canada
Ms. Andrea Cohen Barrack, VP Community Relations & Corporate Citizenship, TD Bank Group
Mr. Jim Fleck, Chairman, Business for the Arts; Ex-Chair, Art Gallery of Ontario
Ms. Jody Larose, Principal, Larose & Co. Marketing Services and Director, Empire Club of Canada
Ms. Robyn McCallum, Art Curator, TD Bank Group

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association—it is a mouthful—and your President of the Empire Club of Canada.

Ladies and gentlemen, your Head Table.

This afternoon, the CEOs of both the Royal Ontario Museum (ROM) and the Art Gallery of Ontario (AGO) are here with us, in conversation with renowned Canadian journalist, Valerie Pringle, to share their visions for their respective iconic cultural institutions.

Both leaders have arrived in Canada's largest city at a time where the world is seemingly entering uncharted territory—a challenge from both an economic and political perspective. What is the cultural perspective? Does the increased elevation of brand Canada in a global context impact our cultural identity as a nation? What does that mean for our cultural institutions?

I would argue that the role of cultural institutions are more vital now than ever before. Cultural institutions bridge and reflect the rich diversity of our communities in what is one of the most diverse cities in the world. They foster the notion of an open society, of shared values, and global perspectives. They are centres of learning outside of the classroom, and they contribute to the exchange of ideas and points of view. How are these institutions evolving to meet the 21st century needs of our communities? We are so privileged to be hearing, firsthand, from the two leaders who are leading the charge from the heart of these institutions.

Josh Basseches joined the Royal Ontario Museum in 2016. He oversees all aspects of the ROM, Canada's largest museum of art, culture, and nature. Prior to joining the

ROM, Mr. Basseches was Deputy Director of the Peabody Essex Museum. He partnered closely with the director and chief curator on all major curatorial matters and was a member of the small team leading the museum's successful $650 million capital campaign. Mr. Basseches is completing a doctorate in art history at Boston University. He holds an MA in art history from Boston University, an MBA from the Harvard School of Business and a BA in art history from Amherst College. Ladies and gentlemen, Mr. Basseches.

Stephan Jost is the Director and CEO of the Art Gallery of Ontario. Appointed in 2016, Stephan joined the AGO after holding a five-year post as Director of the Honolulu Museum of Art. That sounds like fun. Under his leadership, Honolulu's finances were dramatically improved; the education program expanded in reach and capacity; its membership increased by a whopping 64%; and the visitor experience was significantly energized.

Prior to that appointment, Stephan was Director of the Shelburne Museum in Vermont, the Director at Mills College Art Museum in Oakland, and he held several curatorial positions at the Allen Memorial Art Museum of Oberlin College in Ohio. Born in Michigan, Stephan holds a BA in art history from Hampshire College in Massachusetts and an MA in art history from the University of Texas at Austin.

Ladies and gentlemen, please, welcome our speakers to the stage.

Josh Basseches and Stephan Jost in Conversation with Valerie Pringle

VP: This is fun. Happy Cinco de Mayo. We are talking culture today, so it is a little different than the dose of politics, I guess, and economics that you get. How exciting to have these two fabulous men, who came the same month, April 2016, to Toronto, and have really brightened up the landscape here, and to get their perspectives on what they are doing and what they think about the great motherships that they have been given charge of, the AGO and the ROM, wonderful Toronto institutions.

I would like to start off by talking about getting people in the door, which is obviously a preoccupation. What brings people now? Is it a big show? Do you target them? Do you know exactly what you want and how to go about it?

SJ: It is a lot of yes, yes and yes. Of course, you need the big show, but you also need to make sure that it is not just cotton candy, that people actually have a great time there. It is *really* about, also, making sure that there is room for either a quiet time or a social time. It is working on many levels simultaneously. Marketing is really key. Social media is unbelievably important.

JB: I might add, just stepping back from those good comments, that part of it is what are you presenting? No matter, setting aside the medium, is it an exhibition?

Is it a program? How you are marketing is a very important issue. The question is whether you are delivering activities and programming that are relevant to people's lives, that are about the issues that people want to engage with, want to hear about and make them feel like it is worth getting up, and going out to a museum for.

M: How do you figure that out?

JB:A lot of it, frankly, is, as we talked about, marketing and market research. It is understanding your many different audiences, of which, at institutions like ours, they are very broad. And it is about assessing what the issues are that make a difference. We actually do quite a bit of study in advance of deciding, for instance, whether to take a major exhibition, in terms of whether it is a topic that engages. Obviously, we have ones that we would choose to engage, and sometimes we find that there are ones that various audiences are not as interested in or that we have to change the nature of how we are going to present it to create that sense of activism and buzz.

VP: Both of you have shows on now. There is Georgia O'Keefe; there is "The Blue Whale Story," in addition to all the other stuff, but, I am just thinking that, in the olden days, if King Tut came to town or Turner and his paintings, that was a big thing. Traffic stopped in Toronto, wahoo!

Have you seen that show? I do not know if that happens a whole lot anymore.

SJ: The audience attendance figures, both at the ROM and the AGO, are really high. I think we have had our best year last year since 1993.

JB: We have shared notes on that. It has been terrific.

SJ: When you are clocking, for the last show, we clocked 250 tickets every 30 minutes. That is a lot of people.

VP: And young people?

SJ: Yes, roughly 40% of our audience is under 40. Some cultural institutions are struggling to engage the millennials. Our struggle is a little different. Our struggle is a matter of can we move fast enough to keep up with their interest? We are free Wednesday night. We get 3,000–6,000 people Wednesday night. That is a lot of people.

JB: Back to that issue of are we engaging or hitting the topics. As Stephan said, both our institutions, I think, are, in many cases, hitting homeruns. In our last year, we had 1,350,000 people coming through the door, which is the most in the ROM's history and the most in the country, and—not that we keep track—is in the top 40 in the world. I think that is a demonstration that what we are doing…

VP: That was yesterday, I assume.

JB: Right. It will be a little higher tomorrow, if you take something like—you mentioned the Blue Whale exhibition—a project that is steeped in the research and the science of the museum. It is an original show that also engaged with a topic that the public was very interested in and, frankly, the media was very interested in. We were able to deliver something that was important, scientific, that addressed issues that are very much current-day issues, and also, I would say are Canadian issues—given the issue of their stranding, those whales stranding.

VP: How do you measure success? You are a year in. Obviously, those numbers are making you happy, and you have had some noteworthy donations, so those kinds of things—money counts.

JB: Absolutely.

SJ: People invest in success. They will invest once if you are in a financial crisis, but they tend not to save you more than once, if you are—first, success is on time and budget. The board is very, very clear about that. That, in the long run, is wise.

Attendance, how many people come in. And then another metric we are looking at is growth in the under35 crowd because that really is about our future. That is about a long-term investment. Then, we view things more soft, like quality of art. You can get popular art, but, if it sucks, well, you are not really on mission.

JB: I was going to pick up on that in that we are all going concerns. We have to meet business ventures, so the attendance, the financial metrics, the issues of having strong support all matter.

Last year, we had the strongest philanthropic support since 2009. Those are all good signs. Frankly, we are mission-driven organizations. At the end of the day—and we think a lot about metrics and how you measure—those are the necessary activities, but it is really how you are delivering experiences. It is about looking at issues like what is repeat visitation? Do people like what you are doing enough to come back? How long do they stay at the museum? Are they enjoying it enough to spend time? What is the visitor satisfaction numbers? What are the net promoter scores that tell you what other people are saying—do they want to come? There are a lot of qualitative issues, some of which are easier to measure, some of which are harder to measure.

SJ: There are also the big issues. Last summer, we had an incredible show, by an artist named Theaster Gates, an African American artist, who works on the South Side of Chicago. It is really about art and social practice, engaging the community. Last summer, it was a major show with an incredibly important topic. We do have to have conversations about race and class in Canada. You see what happens if you do not have those conversations. We had Black Lives Matter in the AGO, facilitating a conversation about race. I would rather have these conversations happening inside the AGO than on the streets of Ferguson. It is not financially viable a show like that without incredible private philanthropy, but we need to promote these issues. We need to centre it, and we need to, in AGO's case, engage with these issues through great art. That is the key. Theaster is a fantastic artist. That is what we do. Whether we do a Rubens or a contemporary African American artist, great, but the issues we are talking about *have* to be central to what we need to solve for.

JB: The fact of the matter is we are going to try to encapsulate so many different concerns and issues into a relatively short period of time. In terms of the points that Stephan just mentioned, I think two are particularly important—this is key at the Empire Club, and we are talking about Canadian institutions, and when you are in Toronto—and one of the exceptional issues is diversity.

You mentioned Black Lives Matter and addressing issues that relate to the Black Canadian community. We have the good fortune—certainly, at the ROM, and I believe also at the AGO—to have global collections that represent many, many of the communities that are here diasporically. We have that opportunity to ask both: What can we do in China? And what can we do with Chinese Canadians that are here in this country? How do we address issues that matter to those groups? I think, again, both of our institutions—and I can certainly speak for the ROM—are tremendously well situated to address issues of importance, globally, but also issues of importance, locally, to the more than 50% of Toronto's community that was not born in this city.

The way we do it, though, is through the authentic object. That is another key part about what distinguishes a museum—and a museum in the 21st century—from other forms of engagement or entertainment, namely, that we, our institutions, museums, are the holders, the stewards of exceptional collections. Everything that we need to do needs to use those collections and the research associated with it as a foundation and leverage point.

SJ: How many people here realize that the ROM—and I am singing your praises here—has the, I think, largest collection of Chinese art and artifacts outside of China? That is amazing! I cannot think of a better thing with which to position yourself for the 21st century. I used a quip in Honolulu. Our strategic plan was China, China, China, India. The ROM is very well set up. Toronto is well set up. That is a good thing.

VP: How well *is* Toronto set up? Both of you are newcomers. How have you found that in all other institutions that you have been acquainting yourselves with as well? You talked about the diversity here. What have you found in other institutions, and what surprised you and what has not?

JB: Aside from the fact that we are here and delighted to be in Toronto, one of the reasons that I knew why I was coming to this country was because of the ROM, an exceptional museum that I knew a great deal about before I got here. As I was telling my lovely wife—who is joining me here and is in the audience; I will embarrass her a little bit—there are some wonderful museums that are in cities that you would not want to be in. To be at an exceptional museum—

VP: For example?

JB: I am not going to call those out. Someone else can call those out.

SJ: I think the highest-functioning, most successful museum in North America is Toledo, Ohio. The Toledo Museum of Art just it is great.

JB: When that job came up, Stephan…

SJ: I would not apply for it, but it is a great, great place.

VP: You could almost commute.

JB: If anybody here is from Toledo, apologies—

SJ: Congratulations for a great museum.

JB: Toronto is an exceptional city. I have, at least, felt like the opportunities for running an institution—both, I would say, Toronto and the province and our connection with the province, which has been terrific—means that there is a commitment to art, culture, museums, to the research we do in natural history, that I actually have not found in the States. Most of my career has been involved in institutions that are in cities where there is no city support, where there is no government support. Having that level of engagement in arts and culture is, particularly, at the provincial levels, exceptional. It allows the ROM to be the institution that it is.

VP: I was going to ask you about that, about the role of government, because that would be different.

SJ: It is very different.

VP: For you guys.

SJ: Yes, suddenly we are the Americans. In Honolulu, we got $10,000 of public money a year.

VP: Now, it would be nothing.

JB: That was a good year, by the way.

SJ: I think it is *incredibly* important, the public money we receive. It is actually something we are constantly conscious about, about how we serve our public, how we serve our entire public, how we make sure that the AGO is part of the experience of being Canadian and becoming Canadian. It is important that you understand the traditional history of Canada, but also to give a platform to ask the questions about what is art and culture in Canada moving forward. We are a balance of public and private. That is really important because it keeps us honest.

VP: That is an interesting point, too, about people who are Canadian and about becoming Canadian.

How do you attract new Canadians and make sure that, I guess, they feel welcome enough? I know there are programs that are wonderful, and they are involved with the citizenship program. People get free membership for a year, et cetera, and they are encouraged to come, so people who are in the country get some sense of history and culture.

JB: To Stephan's earlier point, I think our institutions—and I will speak specifically about the ROM—are about China, China, China, South Asia, whether global or whether different parts of the world. We have 70 researchers, and we work in 27 different countries and five provinces in Canada. I am not sure all of you are aware that actually so much of what goes on is not what you see in the public galleries, but there is the exceptional quality of scholarship and research that is going on elsewhere in the building and around the world. And that gives us a leg up because it means that we can engage with those communities directly from a community-based, collections-based perspective.

I would just mention—because I am really delighted about it—that, last week, we were able to make an announcement that we were launching the new Dan Mishra South Asian Initiative. That came as a result of an extraordinary $5-million gift to the museum from philanthropist Dan Mishra, who was born in India and came here in 1969.

He felt that he made his money here; he had his success here; and he wanted to give back and make his legacy here. But he wanted to do it in a way that exposed not only members of the South Asian community, but other Canadians of all backgrounds, to South Asian arts and culture. It is a remarkable gift. It will allow us to do a tremendous amount of programming and outreach with that community. That is just *one* example of how when you are both a global institution, but are in such a global and diverse city, you have these opportunities for connections.

SJ: Sometimes I think the public does not realize how the AGO and the ROM are playing globally. Our current exhibition, Georgia O'Keefe, is a partnership with the Tate; the last exhibition, Mystical Landscapes, a partnership with d'Orsay. Right now, the main show in Paris is the Mystical Landscape show. I love the fact that contemporary France is learning about 19th century French art, developed by a team of Canadians. Really, both institutions are playing globally, and culture is global now. That question of how you maintain that sense of, yes, the Group of Seven is important to us, and simultaneously how you have framed global conversations. It is that kind of balance.

We have to have historic stuff, but you come to the AGO, and you will see stuff that is not yet trendy. It will be trendy next year. Last summer's show by Hurvin Anderson—he was just nominated for the

Turner Prize. In the contemporary art world, that is rock star kind of stuff. They sited the show here in Ontario, in Toronto. London is looking to Toronto to find the best new British artist. Interesting!

VP: Is that new, that when you say global cultural—?

SJ: It is moving. It is not new. There has always been—the Romans were global, but it is also increasing a lot quicker.

VP: Good line.

JB: Globalization in the museum world, in the art world, is definitely an increasing phenomenon. As Stephan was saying, we have, of all things, a wonderful collection of Egyptian art that is going to two museums in China. We have an exhibition of Japanese art—our "Third Gender" show—that was presented last year that some of you may have seen. It is now in Manhattan. These interplays of culture, art, science going in different directions are critical, and, I guess I would say, to a point that we have discussed in the past, that, being in Canada—and this is an insight that I have grown to understand as someone who is not from Canada, but has the distinct honour of running a wonderful, iconic Canadian institution—there are opportunities for us, and I would imagine for you, that exist in the world as a Canadian institution that, say, we would not have as an American institution.

VP: Why, just because of the obvious, because of the politics?

JB: The larger political issues. For instance, you mentioned the way we connect with different audiences. Another audience that we connect with is we were able to give 10,000 complimentary tickets and had 10,000 new Canadian Syrian refugees at the ROM, as well as the roughly 7,000 year-long memberships, complimentary memberships, that we give to new Canadians each year. That Syrian issue and the role that Canada has played in the world in regards to Syrian refugees led to, for instance, an inquiry that came to us via the Canadian Ambassador to Turkey about an opportunity to do a wonderful exhibition. We are still in the early stages of looking at it because we are a Canadian institution. It was very clear that, had I been at the BFA Boston or the Met or the Peabody Essex Museum, that conversation would not be occurring.

VP: Why?

JB: Because of the larger sociopolitical issues.

VP: Would culture not rise above that? Would they care that much if you had good stuff and good ideas? Who cares if it is from America and Donald Trump is the president?

SJ: I am going to cut to the chase a bit.

VP: I thought I was.

SJ: Culture is often an intention. If Canada does not define the global conversation and start, through science and art, the conversation about freedom, democracy, respect for the individual, et cetera, somebody else will. Quite honestly, I am not that interested in oil-rich, monarchy-defining global conversations. I think we need to get out there, because if we do not lead, somebody else will.

JB: See, we are converts. We are now even more Canadian than Canadians. I do not mean to suggest, by the way, that those wonderful institutions that I mentioned are not doing tremendous international shows, because they are.

VP: I understand. I am just trying to put—because you wonder. We talked about the world and how it is seeming scary, and, politically, economically, where is it going? Are things falling apart? How is that reflected, culturally? Does it feel that way culturally, or is cultural thriving in the chaos and the uncertainty?

SJ: Most, at least art museums in the United States, have done phenomenally in the last 20 years. Right now, the conversation at the Met, what is their big challenge for the next 20 years, is just dealing with capacity, just too many people coming. If you would have said, in 1975 that the big issue facing art museums would be too many people, you would be like no. You go to the ROM—I go there on a Saturday, and it is—

VP: I am actually still surprised when you are telling me this. I had no idea.

SJ: You go to the ROM on a Saturday; it is packed.

JB: This is not the problem, by the way, we are worried about, just to be clear, Stephan. "Bring them on" is all I can say.

SJ: How long do you have to wait to get a ticket? It is ten minutes because there are a lot of people there.

JB: Yes.

SJ: We are doing well.

VP: How do you interpret that? Does that mean that people like to see those objects? As you say, you are essentially about authentic items and objects and art in your collections that people can wander and see, and they can have quiet spaces and contemplate, maybe programs? So what are people hungering for that they are heading in there? It is not the restaurant, right?

JB: I will engage in that in a particular way, which is we all know there is a tremendous amount of discussion about the digital world and how museums and other institutions are engaging with things digital. And, frankly, any museum that is not worrying about that would be one of those ones that would be at the side of the road in five years. There are many interesting aspects that probably all of you deal with in your own areas of work or life, but the point that I would like to make is some people are concerned about the notion of, well, if we introduce different kinds of digital experiences in the museum, will that take away from the authentic object? I do not feel that is the case at all.

To answer your question, people hunger for that object, but with the way the digital, I think, makes sense is to augment and enhance the experience. The museum can allow for people's native curiosity—for whether it is the blue whale skeleton or an extraordinary Ming Dynasty ceramic or whatever—and then the question is where can the digital tool take you to enhance your understanding and have it be something where you, as the individual, with your little handheld device can decide where you want to go with it? All that is based on the hunger for the authentic object and that you are not going to find that elsewhere. I am not really worried about the competition that comes from media or digital intervention. I do not know what your thoughts are on that.

SJ: Again, we have great works of art. We love original works of art. We are thrilled—

VP: You can see them on your computer, right?

SJ: Sure, sure. You can also listen to somebody on the radio, but I would rather see them in person. There is something about the original that is important. In addition to the social media, I actually think there is huge interest in authenticity; I think people want authenticity. We live in such a consumer society that maybe there are things that are not totally market driven.

I think that is important. I also think the decline of retail shopping is impacting us.

I have no evidence of this, but, when I was in high school, we would go to the mall in Michigan.

It is interesting; I went back to Michigan: They built a great little museum, and then there are all these teenagers hanging out at the museum because the mall is not so cool anymore. I think we are…

VP: That is so interesting. It would never have occurred to me.

SJ: I do not have any proof of this, but there may be these patterns changing because of Amazon.

VP: Wow. We were talking a little bit before about opera—not my favourite—and about opera companies surviving. Maybe if they just did *Guys and Dolls* or *My Fair Lady*, it might be a little more money coming in the coffers; although, the COC seems to be doing extremely well. Then, I wondered is there a line for you guys? Is there a bar you will not go beneath? Is something too low for you in order to bring people in or that is below your mission, even though it would be hugely popular?

SJ: My instinct is to say no, but really there is.

JB: I am sure that there is, but I actually do not think about the question that way. Historically, museums had had a lot of sacred cows, the lines you would not cross, the things that you were not supposed to do. Actually, I found—and I am sure you have found—that it is often by transgressing those lines, but transgressing in intelligent ways, that those things actually serve your mission, and that actually leads to success. Many of you may have seen, for instance, the tattoo show that we offered last year. That saw about 120,000 people, about half again more than we anticipated. If you are talking about things that are relevant in people's lives, there we have something that is about global culture. Basically, every culture on earth has some tattoo tradition over the last 5,000 years, and it is something that more than half of the people under 30 have tattoos. I can tell you that ten years ago, 15 years ago, most museums would not have done a tattoo show. My point there is, yes, it is transgressing. It is not low; it is just engaging in a way that says what is relevant to our audiences, and, particularly, new audiences.

VP: That was not too low?

JB: Oh, no, that was a wonderful show. We were delighted to do it. It had grounding. It was not that anybody who went to that show could say, "I could understand why this is at the ROM."

SJ: I think our no-fly zones are more and more when something is so corporately linked—an exhibition of fashion, for example, from the GAP, sponsored by the GAP: No.

VP: Okay. Where does sponsorship fit in because, obviously, you thrive on sponsorship? You need sponsorship—everybody does?

SJ: Oh, yes, everybody does. Things like luxury retail love sponsoring art museums because it is one of the few things that actually is higher than their brand. Van Gogh is higher than Chanel, so it is one of the few things that—

VP: In the hierarchy of brands.

SJ: —in the hierarchy of culture and brands, it is a…

M: That must be a little hard for them to admit, though.

SJ: We do not talk about it, but they do donate, yes.

JB: The sponsorship piece, obviously, is important, because part of the question is how can we make it affordable to present this material? We are delighted to have some really wonderful corporate sponsors, but I do think that the point that Stephan is making is you have to separate the production side and the support side a little bit and those shows where it gets a little bit blurred in terms of who is supporting what and how commercial does this seem. I think that is a line that most of us would still avoid.

SJ: This is the time we say, "Thank you, TD."

JB: That is right.

SJ: When TD sponsors us, they do not tell us what our content should be. There is kind of a division there.

JB: We probably would not go to TD for our banking exhibition. There you are, so, yes.

SJ: History of the ATM.

VP: As you guys look forward—okay, I am thinking things are just jake; people are screaming in your doors; money is good; audiences are good; everything is happy,

happy, so why do you not just leave while you are still ahead?

JB: Are we being shown the door, Valerie? I do not know; we have only been here a year.

VP: No, I am trying to get some vision—like, how do you get better than this?

SJ: The reality is that Toronto is changing really quickly. Can we change with it? Can we continue to do these engagements? Financially, we balance our budgets. We are always on the right side, but we are not flush. We are not flush. There are many, many more things. The reality is our staff is incredibly underpaid. They work really hard to make things happen.

JB: These institutions are wonderful institutions. By the way, there are a number of people in the audience who are key supporters and key staff and others that help making this possible, and we are just part of a very large teams that are helping these institutions to succeed. But one of the major issues—and it sort of gets to the topic of this, the topic that you provided for this talk, for this presentation—is the evolution of change in museums. I think if we look at that question, museums are still chasing what it means to be a 21st century museum. We are now, what 17 years into the new century, and with respect to the model, definitely, I think there is a clear understanding that culture consumption is changing, and I mentioned a little bit the digital, the way that digital has an impact on what audiences are choosing to do. The fact is that so many audiences want to increasingly have a great deal of options and opportunity to be able to do what we sometimes call curating their own experience. They do not want to have the authoritative museum voice saying, "This is what is important, and this is what is important, and come in, and we will tell you" but an interactive experience. I think what we need to be looking at is changing demographics, changing audiences and understanding that we want to move away from the 20th century model. The 20th century museum model was a transactional model: "I am going to go to a museum; I am going to buy a ticket; and I am going to see something specific or go to a program." What we are very hard at work doing is recognizing that is not going to work 5, 10, 15 years from now because that is not how, for instance, millennials engage with their cultural consumption. What we need to do is make our museums far more open, far more porous than they are now. Make it easier for people to come and go, and make an experience where someone says, "I am going to drop in on my museum," as opposed to "I am going to buy a ticket to see what you have to show us." I will say—and I am going to take the opportunity here, at the Empire Club, which is a fine place to make a little bit of an announcement—on Monday, for instance, we are going to be releasing a statement that after ten years, we are going to be reopening the wonderful Heritage Entrance of the museum.

VP: Yippee yi yo kayah! Thank you! I missed it.

JB: It is a wonderful thing. It speaks volumes in terms of architecture, heritage and history. We will have our exceptional contemporary Michael Lee-Chin Entrance. We will have the wonderful Weston Entrance, and I should do just a shout out about how that has been made possible—back to your question about provincial support: I see our colleagues from the Ministry of Tourism, Culture and Sport; they have supported this project; the Weston Foundation has supported it. In any event, the point is that we said, "How can we make it easier to come and go? How can we make a symbolic statement in Canada's 150 about being open to Queen's Park, open to the subway?" Our goal is increasingly to make as much as possible of our first floor—possibly as much as 60,000 square feet—a zone where people can come and go, a salon zone, where people can come, have a coffee, participate in a program, have some gallery experiences, whether or not they choose to buy a ticket and see the rest. That is part of creating that more porous experience that is a 21st century experience that allows people to say, "I am going to just drop in this afternoon to see my museum and talk with a friend."

VP: What have you got?

SJ: I have a couple of things, but he put something right on. Josh is bringing something up. Yes, we want to be more porous; we want to be less transactional, totally. That is like fixing an engine while it is moving. It is really hard to do, because we are very dependent on the transactional. We know where we need to go, but getting there is actually really—it is not easy.

VP: Is anyone doing it brilliantly, besides Toledo?

JB: You see, a lot of…

SJ: They are free.

JB: Examples where it is not done so well include Indianapolis, which had a charge; they removed their charge; reasserted its charge—these are not easy issues.

VP: That would be a loser thing to do. It is like closing your front door.

SJ: Yes. Ironic, yes. I was just chuckling when I heard about the Weston Entrance, which I love on the ROM. They got it right the first time. It is just really a super, super entrance. The AGO is opening a new entrance to Grange Park. The Grange Park is actually owned by the AGO. We are dropping $12.5 million into it.

VP: Wow.

SJ: There is this other side as both institutions are adding more doors. It is quite literal: Opening it up.

JB: By the way, we do confer.

VP: I like this collaboration you do.

SJ: We want people to go to the ROM. It is about increasing the cultural sector.

JB: I think Stephan has really been leading that notion of collaboration and engagement and cross-marketing.

VP: Yes, which is—I was going to say, do we have room for some Q&A here? We will do the Q&A now.

Q: (From VP:) My little question was do you have an object that you love in the institution that you lead now? I know when I got to the Met, I always just go to that Japanese gallery and look at the waterfall. It makes me happy.

SJ: Yes, it is in my office.

VP: You took it into your office?

SJ: When I was a freshman at—

JB: The public can come up there and see it?

SJ: Anytime. When I was a first-year student at Hampshire College, I wrote a paper on a pretty obscure German expressionist artist, Ernst Barlach, and a particular sculpture. I go down in the storage. Almost everything is in storage. Less than 5% is on view. There is this sculpture I wrote a paper on when I was 18. I was like, okay, I have to bring that up to my office.

VP: You have an art rental program, do not you?

SJ: Yes, we have that, too. You are welcome to see it. It is sentimental.

JB: It is a hard question that either of us—I do not have one that I wrote on, specifically.

VP: No?

JB: No. I am going to tell you one, but not one that I wrote for my undergrad paper. I can say that.

SJ: The paper was awful, by the way.

JB: It is hard when you have, literally, hundreds of thousands of objects of art and culture, and millions of natural history specimens, but I am actually going to mention two wonderful— very quickly—recent acquisitions. One on the art and culture side: We commissioned this exceptional Christian Dior, House of Dior dress called Passage #5. It is a really remarkable outfit. In keeping with the ROM's tradition, not only is this an exceptional piece of fashion, but we documented each stage along the way, so that we were telling the story of how, in an haute couture context, fashion actually comes to be. I think that is part of what we try to do at our institution—and I know you do as well—which is undergird what we are doing about acquisitions with the research side and the scholarly side as well.

Also, on Monday, we are going to be putting out a press release about this wonderful ankylosaurus. Who here knows what ankylosaurus is? Some hands went up. It is one of those exceptional dinosaurs that has this wonderful armored helm and a club tail. We were able to acquire a spectacular example of this. We have researchers finding out all sorts of interesting information, including, that the soft tissue that was preserved allows you to see the armored eyelids that close on this exceptional ankylosaurus. Needless to say, my day job is pretty good. I can be looking at the Dior dress or the Ming Dynasty vase or the ankylosaurus all in one day.

VP: You are such a fun dinner guest. I had someone contact me on Facebook Messenger. His name is Aaron Shugar, who is a scientist, and he is working and teaching in Buffalo right now. His question is that he would love for you to briefly talk about the role of science and technology in conservation and art—radiography, CT scans, X-rays.

SJ: It is really cool. We have a whole team of conservators. These are people who fix things, research things. There is a kind of a material science side of art history. This past fall, we did an exhibition on prayer beads, which are these medieval micro-carved prayer beads. Nobody knew how they were made, so we took them to the hospital, and we did CT scans. Literally, we can take them apart, and then make a virtual reality experience of it. If you would have said to me that the first time the museum was going to use a VR experience would be for late medieval prayer beads, I would have said you are crazy, but that was really an amazing use of it. Most of our science and technology is really in the team of conservators who are highly, highly trained, with very specialist knowledge as in how things are made, how to fix things.

VP: If it is real.

SJ: Yes, they…

JB: There is a lot of that.

SJ: Yes. We are doing some fascinating stuff with—we have the big Rubens show coming up, and what they are looking at exactly are the layers of how he painted it. You can go through. It is almost like reverse painting when you are looking at how he created it. It is pretty cool.

JB: Great institutions, like ours, have these phenomenal conservation departments. The science is very sophisticated in terms of the types of machinery they are using, what they are able to determine, and, yes, the issue of fraudulence is one of the areas that they are very good at—whether it is a Mayan ceramic, for example, we were able to determine within this expertise. Actually, part of it was original, and part of it was a 19th century add-on to make it sell. In our case, we have both the conservation labs that deal with art and culture, but then we also have this wonderful mineralogy department that is able to look at materials and that has very sophisticated equipment that allows us actually to see, for example, a Roman-period sword and what the metals are in a way that many conservation labs would not have because of the expertise on the science side.

SJ: You do not always get what you want. Sometimes you find out something you love is not good. It cuts both ways.

VP: No, I know, but really interesting to find that out

Q: My name is Ian Morris. I am at the Deanna Horton table. My question is about your role. Of course, you collect, you preserve, and you protect a lot of very valuable works of art, but the ratio of what you have to what you are able to display is an issue. I just wonder if you could talk to that and possibly compare statistics between your two organizations and where that fits on a world scale, and what can be done to increase the proportion of your collection that is actually available to the interested public.

SJ: I think we are a little different on this front. I think the AGO's goal is to have the world's best art we can possibly have, not to be the biggest collection. We want really the extraordinary examples by artists or time periods. The ROM's collection is much more vast and goes in many, many more issues. I am actually a fan of selective acquisition. I am a fan of deaccessioning things that are not very good, to buy things that are better. Yes, we could triple the size of the museum, but that would move it from 5% to 15% unviewed. Really, I want to make sure we are focused on quality.

JB: Just to respond a little bit and think about that, quality is certainly a central aspect of what we are doing also at the ROM. We collect a broader array of cultural objects and, of course, scientific objects, in addition to what might be truly examples or masterpieces. Qualitatively, what enters a collection has to meet a variety of very rigorous standards. To the particular question, I guess I have two thoughts about that. Yes, we have a vast collection. In our case, it is, again, I may have mentioned 500,000 works of art and culture, 12 million specimens of natural history—one of the largest collections in North America. The point about that is, first of all, much of that, in fact, is not necessarily exhibition material. It is not material that people would be particularly interested, in some cases, in seeing, but has tremendous scientific and research value. I mentioned before that we have 70 people—30 or so curators and 30-plus members of the curatorial team—that are doing exceptional research and scholarship at all times. A lot of those collections have this meaning in the research side, but perhaps not on the display side to the same degree.

The second point I would make is, of course, that is one of the areas where the digital world can help us. We, like I am sure you, are seeking to get the most important works available and accessible online, even if they are not available and accessible in a gallery.

VP: Would you ever send them out in a bus if you could insure it properly, to get it out to people?

JB: We do, actually.

VP: Yes?

JB:We have collections that are in exhibitions, both the large-scale exhibitions like the one I mentioned at the Japan Society in New York or in China as well as more community-based exhibitions that are collections that can go out to community centres and other places.

VP:Yes, because that would have a huge impact.

Q: I was just curious. Now that we are in the digital world and so much of a collection may not be available, digitally, have you ever thought of having a show curated by the public where people vote on which items they would like to see shown and then you put together a show that is what they want rather than what you want?

JB: Certainly, the notion of crowd-oriented exhibitions is something you are seeing more and more in museums. That is not uncommon. You do see it. I think there are other ways of getting at the same kind of idea; for example, we just opened—actually, it is officially opening to the public on Saturday, tomorrow, and we had our opening event earlier this week—a show called the *Family Camera*. Actually, that is a remarkable exhibition of family photography, and it looks at the role of family photography both as an art form and also the way that it shaped families. It looks at also, particularly, families that have experienced diaspora migration and whose family photographs are a crucial link to the past. The reason I mention it is because in that show, which has about 200 objects, we actually threw the doors open wide and had a public archive process where we invited everybody to send in their family photographs to participate. We had about 60 different partners associated with the show. It was another way of getting at that question of how do we have a multi-way exchange rather than one way, the authoritative download of the museum to others coming to the museum? It is a matter, rather, of how do we learn, in this case, from the very families that have this photography? How do we share that and engage? That is the way of the future.

SJ: I think there is this both/and side because, yes, you want to have that back and forth with your public, but we do have content specialty. There are people who know about 15th century manuscripts or the best contemporary art made in the last 30 seconds. There is this balance. We want to make sure that we are getting the best professional curators we possibly can, but we also want to make sure there is a back and forth dialogue. Professionalism does matter; knowledge does count.

JB: Entirely concur. The movement is toward this multi-faceted engagement, but with institutions, like the ROM, with its exceptional curatorial capacity, and like the AGO, with its exceptional curatorial capacity, you need the expert voice, but then you need to engage in a multi-pronged dialogue.

VP:One more.

Q: Here is the last question: If we go back in time, say a couple of years ago—and this is for both of you, by the way, so Josh, in your case, you have a perspective of the ROM—was there one thing that was clear to you that the ROM should be doing that it was not doing such that you thought, "When I get there, I am going to do that"? The same case for you, Stephan.

JB: The fact that I announced that we are opening the doors on Monday would be an example of something that I am committed to, this notion of porosity and the coming and going and getting away from the transactional experience. There are, of course, both of us, and I am sure, we would say we are enamored and impressed by our institutions; we love our institutions. That is not to say that there are not many, many things that we need to be looking at and doing in terms of the different types of engagement.

VP: Are you going to turn the Crystal crystal? Wahoo!

JB: That is not today's problem. I will start with the one I already…

SJ: Mine was kind of—we did it pretty quickly. When you used to walk into the AGO, there were these booths and a lot of back and forth, and you got to the booths, and I was like, "God, this reminds me of something, this entrance experience; I just had this experience. What does it remind me of? It is not a good one." It reminded me of passport control at Pearson. That was the kind of—we got rid of those booths, and we put up a great sculpture by Michael Snow. That was just a quick one.

The thing I wish we would have done—and the transformation or the building is beautiful and on time, in budget, and the spaces are spectacular—is put Wi-Fi everywhere in the building. That is the other thing.

VP: They did not?

SJ: No, because in 2008, it was not obvious. We are doing it now. In September, you will have it, but that was the other little thing. I cannot get any cell phone signal here.

JB: That was an interesting observation that I will piggyback on. We are very excited about the work that we want to do with those, I mentioned those handheld devices and the digital sorts of things. And I, too, when I got there said, we had this ambitious vision and strategy for digital that will make a tremendous difference. Then, I realized that in large portions of the building, you could not even get an email come down on your phone. We, too, are hard at work at that. We both have buildings that are rangy and complicated and hard to deal with.

VP: You guys are brilliant. Thank you very much.

SJ: Thanks for having us.

VP: The one thing they promised they would do is come and speak to the Empire Club, actually.

SJ: There you go.

VP: That is what they vowed as soon as they came to Toronto.

JB: There you go. There you go.

SJ: Thank you for having us.

PF: Chanel versus Van Gogh, augmented reality, museums are the new malls—we covered some fascinating territory today. A tremendous, tremendous discussion. It is my sincere pleasure to invite from our sponsor for today, TD Bank's Andrea Cohen Barrack to provide the official thank you.

JB: We will underscore that we love our sponsors.

Note of Appreciation, by Andrea Cohen Barrack, VP Community Relations & Corporate Citizenship, TD Bank Group

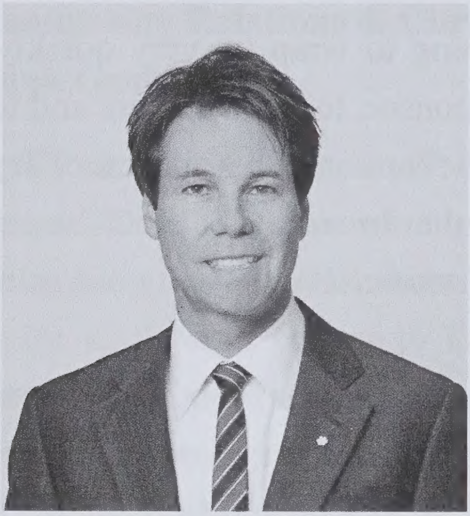
Thank you very much. We have a great archives collection at TD, so if you do want to do that show on the history of banking, we can chat about that. One of the things that really, really attracted me to TD Bank is they have a great history of supporting discussions on civic issues that matter and of supporting arts and culture, as ways to build inclusive communities in our shared prosperity. This discussion has intersected both. It has been quite brilliant in that. I think both Stephan and Josh really talked to us about how their institutions are the best where we are today, as a city, but also where we want to be and that aspiration of where we want to be. It was quite inspiring. Of course, Valerie, your ability to moderate an honest and energetic conversation—wow! I just wanted to thank all of you for your candor and your passion. This has been one of the loveliest Friday lunches I have ever had. I am thrilled to be here. Thank you so much.

Concluding Remarks, by Paul Fogolin

Almost there. We are going to wrap up very quickly. Thanks, once again, to our sponsor, to our speakers and to our audience. I would like to thank mediaevents.ca. They are our online event partner that broadcasts all our lunches, live. Thank you to the *National Post*, who is our print sponsor.

I want to put a quick plug in for our upcoming lunches. On May 24th, we have both the EU and the German Ambassadors at the Empire Club. That will be at One King West. Then, on May 29th, we have Dr. Eric Hoskins, the Minister of Health. Please, join us if you can. Have a phenomenal weekend.

The Empire Club Presents



THE HONOURABLE ERIC HOSKINS MINISTER OF HEALTH AND LONG-TERM CARE, ONTARIO

WITH ONTARIO'S VISION FOR TRANSFORMING HEALTH CARE

May 29, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. I hope you all enjoyed your lunch. From the Royal York Hotel in downtown Toronto, welcome, once again, to the Empire Club of Canada. For those of you just joining us through our podcast or our webcast, welcome, to the lunch.

Before I introduce our distinguished speaker today, it gives me great privilege to introduce our Head Table Guests. I ask that each of the guests stands as I call their name. Anybody who has been to an Empire Club lunch this year knows that I encourage lots of applause for each of our guests. Show them the love.

HEAD TABLE

Distinguished Guest Speaker:

The Honorable Eric Hoskins, Ontario Minister of Health and Long-Term Care, Ontario

Guests:

Mr. Chris Benedetti, Principal, Sussex Strategy Group; Director, Empire Club of Canada

Mr. Dan Carbin, Principal, Santis Health

Mr. Jason Grier, Principal, Santis Health

Mr. Ilias Iliopoulos, Associate Director, Patient Access Oncology, Merck Canada Inc.

Ms. Linda Knight, CEO, CarePartners; Board Chair, Home Care Ontario

Ms. Susan MacLean, Associate Director, Policy and External Affairs, Merck Canada Inc.

Ms. Lisa Matar, President and General Manager, Eli Lilly Canada Inc.

Ms. Sue VanderBent, CEO, Home Care Ontario; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your host for today's lunch, featuring Dr. Eric Hoskins. Ladies and gentlemen, your Head Table. Let me paint a picture for you. A family physician provides a two-year-old girl with essential vaccines, allowing her a healthy start to, hopefully, a long life. An 85-year-old man receives assistance with activities of daily living from a PSW, allowing him to enjoy what he loves most. A nurse administers lifesaving transfusion therapy to a mother struggling to fight cancer so that she can continue to work and support her family. Healthcare is more than policy; it is profoundly personal. At the core of it, healthcare is about people. It is thousands of stories of patients, like the ones I just shared, and the many caregivers who dedicate their lives to serving them day in and day out.

Minister Eric Hoskins embraces this person-centred vision of healthcare. His Patients First Plan is designed to deliver one clear health promise: To put people first by improving their access to the system and their outcomes when it comes to healthcare. I could spend probably 10–15 minutes providing a biography for Dr. Hoskins, both in his public service life and as much volunteer credentials that we are all well aware of. Suffice it to say, I am incredibly honoured that he has joined us today to share his vision for the future of healthcare. Please, join me in providing a resounding welcome for Ontario's Minister of Health and Long Term Care, Dr. Eric Hoskins.

The Honourable Dr. Eric Hoskins

This is a big room full of people. When many of you probably bought your ticket for when I was going to be speaking earlier in the spring—and I know the Empire Club kept your money, which probably made your decision to be here today a little easier—you would not believe when we had to postpone it. There was another big announcement that was happening that day, something to do with hydro. You would not believe the number of calls and emails that I got in the week or so before of people who were absolutely convinced that I had cancelled because I was going to resign. Let us get that off the table or off the stage, and I will get down to it.

Thank you for that introduction. Thank you, as well, to the Empire Club for bringing this incredible audience together this afternoon. In front of me, I am seeing people who have offered me advice, others who have given me tours, showed me new technologies, introduced me to patients and shared valuable knowledge. Collectively, you might be described as representing a system or a sector or, perhaps, institutions. But people do not put their trust in a sector at the most vulnerable moment of their lives. They do not cherish systems when a loved one gets better. Institutions do not make them feel heard because Ontarians cherish their universal public health care because of the caring hands, the kind faces, warm voices, and big hearts of people throughout the system.

Ontarians feel relief when a clinician tells them their loved one will be all right. They feel understood when a care provider hears their story. They remember the face of the nurse or, in my case, two midwives who handed them their child for the first time or the doctor at their side when they told a loved one goodbye for that last time. That is not just a system; that is people caring for each other. That is what we do here in Ontario. Whether you are in the 1% or in the 99%, you are just as entitled to 100% from the Ontario healthcare system.

In Canada and, here, in Ontario, we have acted on a fundamental truth: Healthcare is a human right. Who is entitled to healthcare? Everyone, without payment, without judgment, without exception. Other places still struggle with this. Obama's Affordable Care Act brought the uninsured rate in the United States to a historic low in 2015, yet the number of uninsured Americans under the age of 65 is still 28 million individuals. And with changes recently passed by the House of Representatives, that number, according to the Congressional Budget Office, will increase to 42 million next year—that is more than the entire population of this country—and 52 million by 2026. That represents 19% of the under-65 American population who are uninsured—millions of children and millions more working poor families. This has real, human consequences. Despite spending nearly twice as much per capita for healthcare, health outcomes in the United States are mixed and generally compare unfavourably to Canada.

Compared to Canada, infant mortality is higher in the United States. Life expectancy is lower. Obesity, more prevalent. Per capita, mortality rates due to heart disease are more than 30% higher in the United States. Mortality due to stroke is higher and chronic disease more prevalent. A recent study by lead author Anne Stephenson of St. Michael's Hospital, here in Toronto, showed that Canadians with cystic fibrosis live ten years longer than Americans with the disease—ten years of life, ten more years with someone you love, ten more years sharing laughter and making memories, ten more years of making a difference in the lives of others just because you are there. Ladies and gentlemen, this speaks, I believe, to the fundamental purpose of universal healthcare. Why do we do it? Why do we do it? Why did we create it? The body you are in, well, until science changes, I suppose, the body you are in is the only one you will ever have to enable your life, your thoughts, your hopes, your love and the contributions you can make to your family, your community and humanity. Our health is everything. That is why universal healthcare must always strive to reach everyone everywhere.

That has been a challenge. The challenge comes from different sources. We are over 13 million, almost 14 million Ontarians. We welcome the world and have a population as diverse as any in the world. We live in beautiful small towns, vibrant urban centres and remote regions. We have an aging population.

Pressures on children and young people are so much different today than when many of us grew up. We see the strains on the system. Even though universal healthcare is the right thing to do, we have not gotten everything right. We have done well, but we are not nearly done yet.

Our government's Patients First Act was created to set the stage for ongoing transformation in universal healthcare. That transformation welcomes and will require strong partnerships throughout the healthcare system, including, particularly, with our primary care providers because, for most people in Ontario, that is where their relationship with our healthcare system starts. We have a built a system where the constituent parts are high quality hospitals, primary care and community care, to name a few, but the transitions are not seamless, so the quality of the patient experience can be lacking. We built a system with brilliant, resourceful clinicians and care providers, but we are not making enough use of evidence to share the ideas that promote quality across the system to implement evidence-based change. We have leaders and administrators across this province who know their organizations in their communities extremely well, but they do not or cannot collaborate enough across the system to improve quality for all.

There are many things about our systems of care and models of care that need to change in the future. I know change is happening right now, but something I would never change about our system is the people. Their commitment, compassion and professionalism are the strongest assets we have. In many ways, the patients-first approach is leveraging the instinctive motivation of clinicians and care providers and administrators to do their very best for the patient. Patient-centred care is the future of universal healthcare because it is the only approach that can meet the diverse and changing needs in our society. It is the only approach that can close the gaps in health outcomes, experienced by different populations, and it is an approach that will deliver better value for money because patients will be more empowered and enabled to manage and maintain their health. This is the most important part for me. Patient-centred care is how we meet universal healthcare's most pressing challenge, improving access to care for all. As I have said, we have collectively built a good system; however, the individual can still find it hard to access care. Too often, patients need to figure out the system themselves in order to get the right care. We need the healthcare system to understand patients' needs to figure out what they need. In fact, we have inherited a universal system where everyone is entitled to care. That is a real gift from previous generations. Our generation has to take universal healthcare to a new level, one where everyone truly has access to care.

There is a difference between entitled and access. Let me share a story that shows the difference between simply being entitled to care versus having true access to care. Earlier this year, we launched the Ehlers-Danlos syndrome—or EDS—Clinic. You will be forgiven for not knowing what that syndrome entails. We launched that EDS Clinic at the

University Health Network in SickKids. At the launch, we heard from a patient, a young woman by the name of Lauren, who talked about her journey in seeking treatment for her rare disease. EDS affects the connective tissue in the body, so she easily dislocates a shoulder or other joints. Lauren talked of how after a few hours at the keyboard, she must literally put her fingers back in place. She did a lot of research to figure out herself what was happening to her. At that time, she was in university and also holding down two jobs. After diagnosis, she was seeing specialists in six different hospitals in three different cities, and she was, of course, taking days off to commute to appointments. She had made herself a binder because she had to bring her information to all those doctors. Inside were clinical notes, test results, medical imaging results and, of course, her own notations. You can imagine that binder got pretty big.

Lauren carried that binder around the GTA to all her appointments. She saw some very brilliant physicians and care providers who gave her excellent care. In the universal system, she was entitled to that and got it, but she had to work pretty hard to access it. At that time, it was on her, the patient, to connect the healthcare providers to each other and to her. As she said, the only thing keeping her from slipping through the cracks was her. Now, she visits the EDS Clinic to see specialists. They have access to all her history. She is given treatment and information to manage her health. Now, with the Patients First Act, learning from

Lauren's experience will be creating other models of care that will help a patient like Lauren connect more easily to specialists, like Lauren does with the EDS Clinic.

Lauren is a very productive, organized, determined and ambitious person. In getting the care that she needs, she is likely to achieve many other things in life. That benefits all of us, but not all patients are as engaged and as proactive as Lauren. They do not carry binders. They might not overcome such barriers, and they should not have to. There is an obligation that comes with universality, and that is to resist complacency in bringing down barriers to access. We cannot ever accept that a model or a practice cannot be changed because that is the system. This is a refrain far too many patients have heard. It is time that changed.

I am thinking of the parent with a child with mental illness or a patient requiring care in a First Nations community who cannot get it and is forced to jump through hoops to access the most basic care that all of us take for granted. My vision for our healthcare system is a system that is responsive to all parts of a person's health, physical health and mental health, two sides of the same coin, no matter where they live or who they are.

We will change models of care and change practices to meet the needs of patients and, wherever possible, ensure that that care is culturally sensitive. We want a system where repetition is avoided or pathways are streamlined, navigation is simple, and patients always feel like their needs are the top priority. Of course, it is about more than just process. We must invest in improvement, too. Our government has been committed to doing just that, including, in the most recent budget. We know there will always be some limitations on funding. However, we should never put limits on our thinking, creativity and innovation in solving problems of access.

I love that we are a diverse society in Ontario; however, there is one area where I would really like to see more uniformity in our people, and that is in health outcomes. A universal system helps people, regardless of their income, race, culture, gender, orientation, language ability, family status or all of the other characteristics that make up a person. Social determinants of health— housing, marginalization, isolation or mental illness—can gravely impact physical health and mental health. None of these can ever stand as barriers to health and wellness. That, to me, is health equity.

There are so many things you can change to have better health: Nutrition, exercise, your social connections, medications and others, but you cannot and should not have to change who you are. We will change the system and the models of care to serve you. Again, that is patient-centred care. It is the only way to improve health equity and access and fairness.

Ladies and gentlemen, and, at least boy and girl here as well—my son Rhys is 12, and two of his classmates are here today. Our government took a historic step towards greater fairness in universal healthcare with the introduction of Ontario's Children and Youth Pharmacare program that we are calling OHIP+. Our Children and Youth Pharmacare program will fully cover the cost of prescription drugs for everyone aged 24 and under, regardless of family income. It is the first program of its kind in Canada. Starting January 1st, 4 million children and young adults will have access to universal drug coverage. We are just getting started.

Those 4 million children and youth get the prescription that will improve their health, the entire drug formulary, over 4,400 medications, including, asthma inhalers, insulin, seizure medications, cancer drugs and drugs for rare diseases. You go with your OHIP number to your local pharmacy to pick it up, free, no co-payment, no annual deductible, no upfront costs, no reimbursements.

As a doctor, I have spent most of my clinical time with refugees, new immigrants and poor working families. In those interactions, I often sense a calculation happening. There is a parent with a child sitting across from you; you are prescribing a drug; and that parent is wondering if they can buy enough food, maybe even pay the rent and still fill their child's prescription in the same week.

We know that at least one in ten families cannot afford that prescription, and it or another pressing family need often goes unfilled. Our universal system gave that family access to a doctor, but our universal system is not with them anymore when they get to the pharmacy. They will be on their own. As a doctor, you make a calculation, too. You go to that cabinet with the samples. If you are lucky, you might be able to provide a child with access to the drug that they need in that way. Those individual actions are not a system we can rely on. That is goodwill. We should have the collective will to do better.

Thanks to the leadership of Kathleen Wynne, we will. Such leadership is how we got universal healthcare in the first place. Saskatchewan led the way with Tommy Douglas, but it was Lester Pearson who made it a national legacy 50 years ago. It was not easy or even guaranteed. It required real leadership. Many provinces, including Ontario, were not convinced. Federal Health Minister Allan MacEachen, who was shepherding the legislation through parliament, even threatened to resign when Finance Minister Mitchell Sharp suggested it was unaffordable and that it should be delayed indefinitely.

Pearson, himself, even told his caucus that they should find another leader should it be delayed for much longer. The result: The single most popular policy any federal government has ever introduced in Canada. Tommy Douglas, Allan MacEachen, Lester Pearson showed that universal healthcare was possible, that it was affordable, workable and worthwhile. But it is also worth noting that Saskatchewan operated their system without any federal funding from 1962 to 1968. That lone provincial initiative eventually led to national change. I believe that Ontario will show that national pharmacare is possible, that it is affordable, workable and worthwhile.

Canada is the only industrialized country with universal health insurance but no national pharmacare strategy. I am confident that the conversation on national pharmacare will continue. We need our federal partners to join us, just like Tommy Douglas needed Lester Pearson to realize a national legacy and dream. What is most encouraging is that we are continuing to build on universal healthcare. Here, in Ontario, that work of building will most definitely continue, driven by the Patients First Act and other initiatives.

One further example, and you will be happy to know it is my last, is digital health. Digital health and technology can make the care journey that much more patient-centred. The universal system we have was set up when people used rotary phones. Doctors had answering services, and your health information—unfortunately, it still is in some cases—was in a filing cabinet. That era has left a lasting impression on some of the ways that we do things, but we are in a new era. We need today's technology to start making its impression on how we deliver patient-centred care.

In our lives today, smartphones and online devices make transactions quicker and easier. I think we all know that person who gets their Christmas shopping done on a November morning while they sip a coffee in front of a laptop. Accessing healthcare is so much harder compared to that experience. In fact, navigating the health system sometimes feels like a trip to the mall on December the 23rd. At a very basic level, putting the patient first means keeping up with the patient's life, and this goes beyond simple convenience. It can be life-changing for the person with a complex or chronic condition who can live at home instead of living out their life in an institution. That is another element of universality that we cannot forget. A universal system helps every patient live their best possible life.

Digital health is one enabler, and an important one, that will give this imperative a real boost. For many decades, we have kept patients in hospitals because they need to be monitored. Connection could only reach from the room to the nurses' station. Of course, that is still needed in serious cases or where there are real issues with going home. However, today, that connection from patient to clinician can stretch all the way to the home, and it is what many patients want. Digital services can make it possible. Patients feel less alone, more confident, safe, and fully supported. For example, patients with chronic obstructive pulmonary disease, or COPD, can have vital signs measured remotely at home with a healthcare provider notified when readings change. Other technologies can monitor whether a patient is getting out of a bed at home or turning on a tap. That is something a nurse on a ward would notice in a hospital. Sensors can do that in the home. Calls or visits can be made to follow up. Digital health services can also transform access to care for people who face challenges of distance or mobility.

This means human resources in one part of Ontario can be helping patients in other parts of the province. Face-Time, for example, allows Ontario patients to see doctors and nurse practitioners far beyond their own community. That is just one tool.

This past year, the Ontario Telemedicine Network facilitated almost three quarters of a million patient clinical encounters in this province. That has led to over 284 million kilometres in avoided patient travel. That is universal healthcare at work because we are using everything we have to the fullest: Online booking to see your doctor; online interactions with healthcare providers; e-prescriptions because nobody can read doctors' handwriting, anyway; e-referrals to streamline and shorten wait times; e-consults to speed the pace of referral while maximizing convenience for both the patient and the provider.

Digital also supports patient empowerment. Consumer-facing digital healthcare is, perhaps, one of the greatest tools for patient empowerment. Access to our digital health file makes us active participants in our healthcare journey, and it drives and demands system improvement.

Online health information and indicators can help people make informed choices on their lifestyle; data on wait times and local services can help them make decisions on how best to access care; and data on performance drives improvement. It is not about shaming and blaming. It is about learning. What are those providers doing over there that we could do here?

The Patients First Act calls for planning and new investments to be based on local population health needs, and it reinforces that evidence-based decision-making must be accompanied by transparency. Everyone impacted by those decisions should be able to see the evidence that informed them.

In closing, let me put the transformation imperative this way: As a physician, I feel a moral responsibility to use everything I have and apply everything I know to help a patient. As the Minister of Health, I feel the same obligation. We are transforming the healthcare system so that Ontario uses everything it now has and everything we now know, so the patient has a better experience and a better result. We need to keep finding our own way when it comes to building on universal healthcare. That is clear. It transformed Canada and Ontario. It sustains us. It defines us. It binds us. It has made us a more cohesive society. In doing so, it makes us more successful as a people. Success and education, the economy, the environment, science, the arts and all other fields of endeavour have a common enabler:

People who are as healthy as possible. It is kind of our provincial and national mission. Some places have a shared dream. Some peoples have a founding myth. We have chosen to pursue a worthwhile reality: Universality in healthcare. Some, many, perhaps, might say that is a little boring. Absolutely, but I will take that because we are facing, together, head on, the real tough struggles in life.

Universal healthcare means a young mother with a feverish baby on a Saturday night has somewhere to go or someone to call. If that fever is a symptom of something more serious, a doctor or other health provider will intervene early, and the requisite supports will be provided so that child's life can be defined by achievements and not by an illness or disease. By middle age, if that mom worked too hard and stressed a bit too much and does not feel quite right, she gets the necessary care or wellness plan. Universal health care will help her in her senior years to stay mobile and to stay healthy.

While that child is pursuing her or his dreams, mom and her spouse will live life to the fullest still. When that elderly woman sees her spouse, friends or relatives pass on, she is not alone. She contributed to a community throughout life, and that community will be with her, providing compassionate care until the end of her life because universal care meets the universal needs that we all share.

We want to be as healthy as we possibly can be. We want those we love to be well cared for.

We want our body to allow us to give our best, whatever that might be. We want to walk in the sun as much as possible for as long as possible. That is something we do for each other in Ontario. That is an obligation that we chose, and that is a mission that we are still on. It is called universal healthcare. It goes with us through life. It seeks out everyone but only because all of us will keep striving until it is available equitably everywhere.

We know there are goals still to be reached. There is a patient-centred universal healthcare system we are all going to build, and it will unlock even more of Ontario's limitless potential. Thank you.

Note of Appreciation, by Sue VanderBent, CEO, Home Care Ontario and Director, Empire Club of Canada

Hi, everyone. Well, Mr. Hoskins, on behalf of the board of the Empire Club and my board and our sponsors and everyone here today, it is a great honour to thank you for speaking to us this afternoon. Thank you for giving us such a broad overview of your vision for Patients First and, really, for the entire healthcare system. And, I think it spanned even broader than that into the whole universality of healthcare.

I think we can see your passion as you talked about the need for better transitions, the need for more evidence-based care and policies, the need to make major technological changes now that take us into the 21st century and that will make a big difference in terms of care right across the continuum of care.

I think all of us, as clinicians and healthcare leaders, want to support this vision and the importance of valuing every part of the healthcare system because it is all important, and it is about how we interface everyone to work and give their best. Finally, thank you, sincerely, on behalf of the board of the Empire Club and all of us here today for your leadership, for your humanity and, most of all, for your passion to get this right. Thank you.

Concluding Remarks, by Paul Fogolin

I want to make sure that you can all get outside and enjoy the sun that the Minister referenced in his speech, so I will keep my closing remarks very brief. A sincere thank you to our sponsors. The Empire Club is a not-for-profit club, and we simply could not host exciting lunches like this without our sponsors. Thank you, once again, to our lead sponsor, Home Care Ontario, but also to our supporting sponsors, Eli Lilly, Merck and Santis Health. Please, join me in a round of applause.

I would also like to thank the *National Post*, as our print media sponsor and mediaevents.ca, our online broadcasting partner, for live webcasting this to thousands around the world. Although our club has been around since 1903, we have moved into the 21st century, and are active on social media. Please, follow us at @Empire_Club on Twitter. We also have Snapchat, Instagram and LinkedIn accounts. I do not use Snapchat, but we have one. I am told it is great.

Finally, we have a few very upcoming lunches, particularly, tomorrow. At One King West, we are doing a lunch about reconciliation on Bay Street where our First Nations and our business community are coming together to have an important conversation. Please, join us there if you can. On June 5th, we have the Honourable Dominique Anglade, Québec's Minister of Economy, Science and Innovation. That is also at One King West. Finally, on June the 13th, we will have a panel discussion, “The Evolution of the Real Estate Industry: Diversity, Culture and Workplace,” which should also be a very exciting lunch.

Thank you very much for attending today. Have a wonderful afternoon, and thanks for supporting the Empire Club of Canada.

The Empire Club Presents

RECONCILIATION ON BAY STREET: IN THROUGH THE BUSINESS DOOR

FEATURING:
RON JAMIESON, JP GLADU, CLINT DAVIS AND CHRISTOPER C.J. ANGECONEB

May 30, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. From the One King West Hotel in downtown Toronto, welcome, once again to the Empire Club of Canada. For those of you just joining us through either our webcast or our podcast, welcome, to the broadcast of today's event.

Before I have the pleasure of introducing our distinguished speakers today, it gives me great pleasure to introduce our Head Table Guests. For anybody who has been to an Empire Club lunch this year, you will know that my style is to ask everybody to stand, and I say clap as much as you can for each person. You do not have to hold your applause. Show them the love.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Christopher Angeconeb, President and CEO, AurCrest Gold Inc; Member of the Lac Seul First Nation band in Northwestern Ontario

Mr. Clint Davis, Partner and Managing Director, Acasta Capital Indigenous

Mr. JP Gladu, President and CEO, Canadian Council for Aboriginal Business

Mr. Ron Jamieson, First Senior VP of Aboriginal Banking, BMO

Guests:

Mr. Stephen Fay, Head, Aboriginal Banking, North American Industry Sectors, Business Banking, Bank of Montreal

Chief R. Stacey Laforme, Chief of the Mississaugas of the Credit First Nation

Ms. MJ Perry, PhD Candidate in Theology, University of Toronto; Director, Empire Club of Canada

Mr. Mike White, the President & CEO of IBK Capital Corp.

Mr. William White, Chairman, IBK Capital Corp.; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

We are also very pleased to welcome a group of students from First Nations House and from the Rotman School of Management at the University of Toronto. Thank you to NRStor and IBK Capital for sponsoring our student tables. Can the students rise and be recognized, please? Let us give them a hand.

One of the things the sesquicentennial does is it provides an opportunity for us to reflect on the past and examine how we can enact reconciliation as we go forward. Every lunch we host at the Empire Club aims to fulfil our mandate of facilitating conversations and open discussions on the issues that matter most to Canadians. I cannot think of a subject more suitable for this objective than the one we are hosting today, a frank discussion about the 92nd call to action.

It is also worth mentioning that, to date, as far as I know, we are the only voluntary organization that is primarily business focused, who are publicly responding to the call by initiating discussion and recognizing that we have a great deal to learn. We will, no doubt, make mistakes, and there is much more to do, but, at the Empire Club, we believe this is a very important first step.

The 92nd call to action is actually attached to all of your programs, today, on your table. In a few words, it is a call for the corporate sector to respect Indigenous rights and work collaboratively with the community.

We are truly privileged, today, to have with us an exceptional group of accomplished First Nations business leaders, who will embark on a discussion and, surely, some heated debate, as to how to respond to the 92nd call to action, how it should take shape, where we stand and the opportunities that lie before us.

It is now my pleasure to introduce our speakers today, in no particular order. I would like to note that in the essence of time, I had to cut down their very impressive biographies or else I would be up here for 30 minutes, and you do not want to hear me for 30 minutes.

Ron Jamieson was born on the Six Nations of the Grand River Reserve in Southern Ontario. Ron is a Mohawk who inhabits two worlds. He has got the moccasins and the wingtips to prove it. He became the first Aboriginal stockbroker in Canada and spent the next ten years selling real estate–backed securities. Beginning as a trainee, he progressed to being the company President.

In the early 1990s, the Bank of Montreal approached him and engaged him as Vice-President to establish BMO's Aboriginal Banking making him Canada's first Aboriginal senior executive at a big bank. That is worth a round of applause.

Ron built the first financial bridges to the Aboriginal market, increasing the Bank of Montreal's portfolio to over

$1 billion, and it is still growing. Ron always makes time to volunteer his talents. He developed a program that allows Indian people on reserve to, at last, own their homes. It is his legacy to the First Nations of Canada.

Ron Jamieson has also received both the Order of Ontario and the Order of Canada for his pioneering contributions to the finance industry, notably in improving access to financial services for First Nations people across Canada. A round of applause for Ron Jamieson.

John Paul (JP) Gladu is currently the President and CEO of the Canadian Council for Aboriginal Business (CCAB), based here in Toronto. Anishinaabe from Thunder Bay, JP is a member of the Bingwi Neyaashi Anishinaabek located on the eastern shores of Lake Nipigon, Ontario. JP has over two decades of experience in the natural resource sector. His career path includes work with Aboriginal communities and organizations, environmental and non-government organizations, industry and governments across Canada. In JP's current capacity at CCAB, he speaks extensively not only across Canada, but internationally—he mentioned at lunch that he has been to Australia a few times, I think, about the challenges and successes of Aboriginal business in Canada today.

Currently, JP serves on the Board of Ontario Power Generation and Noront Resources as well as the Canadian Electricity Association Public Advisory Panel. Let us welcome JP.

Our moderator today is Clint Davis. Clint is the Partner and Managing Director of Acasta Capital Indigenous (ACI), an Indigenous-owned subsidiary company of Acasta Capital. ACI partners with Indigenous governments and economic development corporations to achieve growth and value creation by assisting in the maximization of their inherent competitive advantage.

Prior to the creation of this company, Clint was the Vice President of Indigenous Banking at TD.

Clint, an Inuk from Labrador, is the Chair of the Board of Directors for the Nunatsiavut Group of Companies, which is the economic arm of the Nunatsiavut Government, a self-governing entity that represents the political, social and economic interests of the Inuit of Labrador. Under Clint's leadership, the NGC has grown to owning and partnering in 14 operating companies with a general revenue of over $35 million annually.

Clint has had a very diverse career. He has worked as a lawyer, a senior civil servant, a banker and is President and CEO of the CCAB. In 2016, Clint received the Indspire Award for Business and Commerce, which represents the highest honour the Indigenous community bestows upon its achievers. Ladies and gentlemen, our panel.

Ron Jamieson and JP Gladu in Conversation with Clint Davis

CD: *[Remarks in Indigenous language.]* Everybody can hear me? That is great. First of all, I do want to say it is a real honour to be here, so thank you very much for that wonderful introduction, particularly, since I wrote it, so thank you very much for that.

First of all, I do want to say there is a lot of discussion, a lot of talk about reconciliation in this country. In fact, just recently, you saw that Prime Minister Trudeau has asked the Pope, formally, to consider a formal apology in terms of the Catholic Church's involvement with respect to residential schools. A lot of talk around this, and there is some tangible activity that is happening as well, which I think is just tremendous. I also want to say that this is one of the few times I have seen reconciliation and a focus of discussion involving business. It is a real honour for myself to be here and participate in this because what you are going to hear from two of these gentlemen is business can provide a remarkable foundation in terms of a brighter future for our people and reconciliation in this country.

I am going to launch right in because we only have a few minutes, and I want to hear, specifically, from these two individuals—and it is a real honour to be here with Ron because Ron has served as a mentor and an inspiration for so many of us in this room, particularly, JP, myself, MJ, even Nick Javor, I think. He is probably an inspiration and mentor for Nick Javor.

Ron, I am not saying that you are an elder, but you have been in business for a long time.

RJ: That was pretty sneaky.

CD: Thank you for that. You have been in business for your entire career. You have seen some remarkable change in the Indigenous world. It seems like things are different now. You kind of feel it. Is it? In your opinion, are things different, and do you see things changing for the good?

RJ: I think, let me say this, Clint, I think things are better, much better, but we are not there yet. We are not even close to end of job. I see the doors of business being open for the mutual benefit of Indigenous populations and business. There is a way to do that. The first thing I want to dispel is the fact that many people believe that Indigenous populations are anti-development. That is just not the case. They want to be involved in economic opportunities, for sure, but they want it done in a sustainable way.

I want to diverge, just for a minute, Clint, and tell you why I got involved with CCAB 32 or 33 years ago and served many years on the board and as Chairman of the board. I hope you will allow me to.

Some of you may have heard of a fellow by the name of Murray Koffler. Murray Koffler was the founder of the Shoppers Drug Mart chain in Canada and one of the founders of the Four Seasons Hotel chain. He was in Calgary many years ago, in fact, 1981, and he was scouting a new site for a Four Seasons Hotel. While doing that, it was his habit, while visiting cities, to stop in at the local Shoppers Drug Mart and visit with the people and tour around the store, et cetera.

Once, while he was doing that, he saw a young couple, Native couple, with a small child, and they were shoplifting. They were slipping nothing of value—candy bars, potato chips—in their pockets. Rather than call the police, Murray decided that he would follow them. He followed them out the door; went down the street; down an alley; down another alley; and found they were living in a dumpster. Murray was appalled. He called up the federal government and got the then Minister of Housing, who was also, at the time, responsible for Indigenous Affairs. His name was Barney Danson. Barney went on to become a member of the Board of Directors of CCAB and later a senator in Ottawa. He called Barney up, and he gave him a lot of grief: "I am sending you guys taxes every year, thousands and thousands of dollars, and you are doing nothing. Why are these people living in dumpsters?" Barney said to him, "We are trying to do the best we can. However, Murray, I think that really, as a businessman, I think businesses have a real opportunity to get involved here and help us change things."

Murray Koffler, for those of you who ever met him, is not a guy that took challenges lightly. He called together a group of very high-powered individuals, including Edward Bronfman, Paul Martin—who was there merely the President of Canada Steamship Lines—and a number of other individuals, to meet at his home. I was, at the time, a branch manager, just over here on Bay Street, and I got a call one day, and my secretary said, "Murray Koffler is on the phone. He wants to talk to you." Of course, being a foolish broker, I said, "Oh, goody: Murray's going to hand over his portfolio to me." That was not the nature of the call. Murray said, "I would like you to come to a meeting and meet some people and talk about what we view as an opportunity."

That was in 1983, 1984. This was at a time, ladies and gentlemen, when no businesses paid any attention at all to Indigenous populations. In fact, they said our problems were the problems of the federal government, cut and dried. Murray thought that, if we do this right and we get people together for their mutual benefit and make that our raison d'être of CCAB, it will be successful. Under the leadership of these gentlemen right here, today, the proof is there. It is successful. It is working. We need more business involvement; we need more Aboriginal leadership involvement, but, I tell you, we are on the right track. We are not there yet, as I said to Clint. We have got a lot of work to do, but things are getting better. Sorry to take so much time.

CD: Even without all the work that we actually have to do, Ron, that was a tremendous insight regarding the Canadian Council for Aboriginal Business. In your opinion, what does reconciliation look like? Ultimately, what is the end game?

RJ: Let me tell you. When I was at the Bank of Montreal and the Chairman of the bank, one Matthew Barrett, said to me, "What would success in Aboriginal banking look like?" I said, "You know, Matt, it would look like you do not need Ron Jamieson here. You do not need Ron Jamieson poking the credit department and poking these people to get out and meet with Aboriginal people."

I had many bankers say to me, "Is it legal to go on the reserve? Are we allowed to go on the reserve?" This is a true statement. I said, "Absolutely. Go out to the reserve; meet the people; have a cup of coffee; and you are going to find out that the people that live there and in Métis communities or whatever, wherever, you are going to find out that people there are the same. They just want to be treated with respect." That is really all it takes. It does work.

CD: JP, you have written extensively about economic reconciliation, and, particularly, as it pertains to engaging the business community. Give us a sense as to your thoughts on what reconciliation is, why we need it and what is required to achieve it.

JG: To build on, Ron, absolutely, it would be a better world if Ron was not a part of the picture. I am kidding. Ron has been an incredible advocate for the work that we have done, but it would be an incredible world, too, if CCAB was not in existence to that point because we would be integrated in every part of business. What we are starting to see when it comes to the Indigenous business community are trends about building our own source revenue. It is about having our unemployment rates go from 85%, 90% down to zero, which is starting to happen in this country. It is about being part of the economy.

To build on what Ron was saying, it is not that our communities are opposed to resource development. Actually, we are very much in support of if it has our people at the table, if it has our people benefiting, if it has our people mitigating environmental impacts. At the end of the day, we are starting to see some incredible economic activity. For instance, the Lower Mattagami Project here in Ontario, with Moose Cree First Nation—they own 25% equity in a major hydro facility with OPG. Outstanding.

They are the ones generating revenue. They are the ones actually becoming the business, they are developing their business acumen, and they are becoming the business drivers through all the business development activity that happens with that.

We look at Suncor's project in their oil tank project with Mikisew and Fort McKay First Nation. They are going to the market for half a billion-dollar bond to be a 49.5% equity holder in that project. Now, I have had the opportunity—I work across sectors, and my job allows me the opportunity to engage Canadians, Indigenous Canadians, all over the country, and to sit down with folks, like Ian Anderson from Kinder Morgan, a number of times. He said, "JP, when we lead with our business feet, actually, a lot starts to fall in line because communities want to feel that they are engaged and empowered." So, communities are stepping forward to support pipelines in this country.

We also have to understand we are not homogenous. Our communities have different capacities. We have a similar world view, but we have different views in the way that business should be done. If we look at some of the opposition to the pipeline, a lot of that is coming from the coast. That is because they do not feel secure that Canada, in partnership with them, will have the ability to mitigate impacts.

As an example, we had a near disaster with a tanker coming in off of Gwaii Haanas, the Queen

Charlotte Islands, a number of years ago, and we did not have the ability to protect our land because the tanker, or the tugs were not big enough to thwart that threat. Luckily, the storm changed, and it went by. If you empower our Indigenous communities and our Indigenous businesses to actually mitigate those impacts—let us be the tug drivers, and give us the big tug drivers—we will develop the business acumen in partnership with Canada. We want the ability to participate in the economy. We want the ability to protect our environment at the same time and employ our own people.

The last point that I want to make—and you guys have said this so eloquently—is that we are talking about reconciliation. Reconciliation is not a one-term government proposal; it is a multi-generational proposal. You have heard from Ron about how far we have come as an organization or as a country when it comes to Indigenous relationships and empowerment of our communities. I would not be in this position if it was not for Murray Koffler and leadership from folks like Ron. What are we going to provide for our children and our grandchildren's children? And is it based on relationships and respect and reciprocity. That is what reconciliation is about. It is that long-term commitment to that idea of fairness.

CD: Building up on that, Ron, the Truth and Reconciliation Report has—and the 94 calls to action—been out for nearly two years; however, we have not seen business come out publicly as an entity in support of the Truth and Reconciliation's call to actions. Why is that, and should that change?

RJ: Clint, that is not quite true. We have had a number of companies that have stepped out, not as many as I would like to see, but many of the companies are affiliated with CCAB, and, by being affiliated with CCAB, they are doing that by action. I really do not expect that many corporate, high-level CEOs are going to step out and say, "We love this Truth and Reconciliation stuff." I just do not expect it. What I would rather see is action, not talk. I see MJ here from IBM. IBM is doing some fabulous things, but I suspect that most of the people in this room do not know about it. BMO is here, of course, and they are doing some fantastic things, probably, because I am not there anymore. Things are happening, but, as I said earlier, it is not good enough, Clint. But, it is happening. We have just got to stay the course and keep telling people that we are open for business, and we are.

CD: Absolutely, Ron, and it is rethinking and repackaging everything. It is companies out in the audience. What can you do differently in the world of Indigenous business? It was mentioned in my bio that I sit on OPG's board and Noront's board, and we have Chief Darcy Bear, the first Chair of SaskPower; Roberta Jamieson with Hydro One; Mel Benson on Suncor. It is about having Indigenous people at all levels. It is having us at your C-suite levels. It is about having us on the frontlines, and it is about the progression because we have a tremendous amount of value to contribute. Look at Noront's shares; they have gone up over 50%.

RJ: In spite of you.

JG: In spite of me. The point is that we really need to really rethink the way that we approach these issues. Ron has pointed out a few great companies in this room and the government. Prime Minister Trudeau has said that the Indigenous relationship is the most important relationship in this country. I will say it to companies in this room and even the great ones in this room that I know are progressive: Why are we giving everybody in your supply chain a free ride? Why is the government, in their supply chain, giving companies a free ride?

RJ: Good point.

JG: They are working hard. They should be putting that bar high just like they are doing every day. What are your procurement practices? What are your employment practices? How do you train? How do you engage? How do you develop business leadership within the Indigenous business community? You have a low of power through that supply chain. Remember when we were in that meeting, Clint? And can you run through those numbers?

CD: We said something to the effect of that there was $13 billion for federal government procurement in one year and $92 million for Aboriginal procurement, which is less than 1%.

JG: It is awful.

CD: Compare that to the United States: There is an aggressive approach to Indigenous procurement in the U.S. and the U.S. government, particularly, the Department of National Defence. It transforms Indigenous business in the U.S. and the potential is there for Canada.

JG: That is right. Absolutely.

RJ: True.

JG: For folks in the audience, last year, $30 billion is what our Indigenous people contributed to the economy. About $12 billion of that is coming from our Indigenous businesses. It sounds pretty amazing, and it is when you put it in the context of the short amount of time that we have had to compete in this 150 plus years of Canada. But, really, we are over 4% of the populations, and that is only 1.5% of the total GDP, so we have growth. Our growth grows at 6%. If I had a horse, I know which trailer that I would hook that up to—the Indigenous ones. The companies that formulate those business relationships are going to keep that competitive edge.

CD: JP, when the UN Declaration is mentioned, the concerns that seem to arise is the notion of consent and veto. How do you see the UN Declaration on the Rights of Indigenous Peoples applying to a resource-based economy like Canada's?

JG: That document and the work that went into it is over three decades. It is so much thought. If you ever have a chance to read it, so much thought has been put into that. Most of it is just common sense. Most of it is about recognizing that Indigenous people around the world have significant contributions. It goes back to my earlier points around if we are going to build this country together, let us do it together with Indigenous communities. Otherwise, yes, there are going to be more court cases. We have won over 90% of the court cases that we enter into. If I was corporate Canada or the government, I would not want to face those odds. Let us find other ways, so veto—I am not crazy about that term, quite frankly.

RJ: No.

JG: I think it is about let us get to the table and figure this relationship out. Sometimes, no might mean no. With the Indigenous community, if there is too much impact, some communities might just say, "No, let us find alternatives."

The whole thing about a renewable-energy future for our communities and our country is that we are going to progress there, but, in the meantime, we still have a lot of work to do for our communities.

We have to pay attention to it. Just because it is hard work, we should not be shying away from it.

CD: Is this document, actually, from your perspective, creating concern within the resource sector at all in terms of its application?

JG: I think it creates concern for—

RJ: Everybody.

JG: —companies and the resource companies that have not put the time in, as Ron says, to sit down and have a coffee with our people because ignorance, you just do not know. Once you start to sit down with our communities, you will find out that there is a lot of willingness to sit down and figure out a pathway forward.

RJ: I learned a lot. If I can just add?

CD: Please.

RJ: I learned a long time ago that when you have two camps, be they Indigenous or otherwise, and they are not talking to one another, then one of the camps starts saying, "I wonder what these guys are doing. What is up?" The other camp says, "Gee, I do not know. What are they doing?" So much could be solved by getting to the table and having a conversation about the wishes of both parties and finding the common ground and making it happen as opposed to—and, thankfully, I do see more and more companies doing this—going to court. And, rather than go to court and lose, which they are apt to do in these times, it is better to go out to the community, meet with the people and find out. Simply say, "How can we make this work for our mutual benefit?" That is key. Mutual benefit is key.

JG: If you get a chance to read Jim Prentice's book, it is energy; it is Indigenous relationships. He does a brilliant job. When he gets to the Indigenous chapter, about three pages in, he says their future is our future. Jim was the only Conservative MP who went and wanted to take on this role to work with Métis and Inuit and First Nations people because he *understood* that we are stronger together. He was such a passionate man about it. Give this book a read.

If I can use just a personal analogy, when I was a forester, we were looking at this tree, and the class was up here, and the prof was there, and he said, "Can you grade this tree? Is it a one, two or three? One being incredible lumber, two being marginal, and three just being pulp wood." We would all start throwing out numbers, and he said, "You are all wrong." He said, "Not one of you got up to walk around that tree." Jim was really great at getting up and walking around that tree when it came to the Indigenous community. We need to understand before we can make more effective decisions.

CD: Ron, the development corporation in your community in Six Nations was recently recognized for its achievements. I was there at the event. It was a wonderful event at the CCAB. What value do Indigenous economic development corps, which have been highlighted as the economic engine for so many of our communities across the country, bring to the table in business relationships, other than access? What else do they bring to the table?

RJ: That is a perfect example. That is my home community. Just for disclosure purposes, you should all know that my son is the President of the Economic Development Corporation. However, having said that, they did bring access, Clint, but they also brought financing. I was part of a group of people that raised capital for equity to participate with Samsung in that deal. Do not think that the only thing available is access as a corporation. They have skills. My people have skills; they have access to capital; they want to do it; they want to be successful, and they want to employ their own people. And they want to do it in a sustainable way. I can tell you that the Samsung wind and solar project is very, very sustainable. It is an ideal project for the community because they are—you are not going to have any Aboriginal groups becoming involved in a coal-burning generation system, I can tell you. It is just passé. I think most people recognize that.

JG: It is noticeable up here. You have three men, and I want to recognize that, and there are so many incredible Indigenous women out there that actually could not make this. One woman I—

CD: I am married to one of them, actually.

JG: You are, actually. There she is, and looking beautiful as ever.

RJ: I can see her. I can tell when she cheered when they introduced you.

CD: She was the only one who was the loudest.

JG: There was one Indigenous woman that we tried to get, but it just did not work out. That I want to talk about. It is sort of in addition to what Ron was saying. Her name is Nicole Bouchier. She and her husband—Nicole and David—started the Bouchier Group. They started off with one vehicle; they got a partnership with their community. They grew it into a $100-million-plus venture; and then they started competing because they wanted to take it to the next level against the Tier 1s of the world. They could not compete successfully. They did not have the balance sheet. They did not have the global processes to make sure that they were competitive. They shopped around for a partner. They found Carillion. Carillion is an international, UK-based infrastructure organization. They have a 51% partnership. Really incredible, though, is guess who owns that 51%? Dave and Nicole do. They manage, own and control an international company. That just showcases, again, the innovation, the business aptitude of Indigenous people.

I want to remind everybody in this room that Canada's first economic engine was powered by our ancestors: The fur trade. We knew trade; we knew business; we knew the quality of product; we knew trade lines; we knew how to get it to a global environment. We have been on a hiatus for a very long time due to the colonialistic practices. Both my grandmothers were taken away to residential school, and this had impacts in my family, in my community. But given the opportunity to shine, that is just one example, another example. There are dozens of examples of this Indigenous innovation and this aptitude and this resilience.

CD: Quick question: JP, I do want you to talk about this. Tell us how—plugging the program—CCAB's Progressive Aboriginal Relations program, the PAR program, which I believe is absolutely fantastic and perfect, can actually be a foundation for a plan of reconciliation for business in this country.

JG: I want to recognize Mr. Fay and MJ. They are both PAR Gold companies. There are PAR companies in the room. There are about 50 that we will be approaching this September. Progressive Aboriginal Relations is a certification program. We administer it. We facilitate it, but it is Indigenous professionals and jury members that actually deliberate on a company's success in Aboriginal relations. It is a framework. Luanne is here. Luanne, can you, please, stand up. This is an amazing woman who has been in my office. Luanne Whitecrow runs our PAR program. She does an exceptional job because companies are coming out of the woodworks. They want to understand how to do better business with our communities and our businesses.

This framework, which Luanne knows inside and out, is all about that. It puts a framework out there for companies to get better at Indigenous relationships.

As an example, again, I mentioned Suncor. What they are doing with the supply chain is they are saying, “If you want to compete on Suncor projects, you had better have all these things that PAR represents.” We are also going to give Aboriginal businesses extra points in the scorecard. Bruce Power is doing this. Syncrude does. Billions of dollars are being spent, which has incredible impacts in our economy. Civeo is another PAR Silver company that also plugs into Suncor’s project. They are winning more contracts with Suncor because Suncor recognizes them as a Progressive Aboriginal Relations company, and 25% of what they spend, over $100 million a year is being spent in the Indigenous economy.

I want everybody to understand: We can address the education in this world, in Canada. We can do it. We can address the infrastructure in terms of the water issues, the school issues, the energy issues, but, if we do not build an economy alongside all of this, we are going to fall back down. We have to build an economy. That only gets done by changing our business practices when it comes to working with Indigenous businesses and understanding the importance that we have to play in this country.

CD: Ron, how many times have we said that the best thing sometimes that the government can do when it comes to business is get out of the way? Having said that, because of your experience with the Ontario Power Authority, you have seen firsthand government intervention in action and how it can help to create some viable economic opportunities for Indigenous communities in the private sector. Can you talk a little bit about what you have witnessed as the evolution of a particular industry here in Ontario?

RJ: Yes, thanks. Yes, I was fortunate to be a small portion of designing a program that was a direct assist to Aboriginal communities because I always felt that the government might push partnership to make these things happen. Rather than do that, the Ontario Power Authority, when I was on the board of directors, devised a program where there was an economic adder. If you were a mainstream corporation, and you wanted to take on an Aboriginal partner, you got extra dollars per megawatt for doing that. It was a scale. The higher the participation rate by the Aboriginal communities, the greater the income to all. It was a very, very important program, and it has been remarkably successful.

That was but one example, Clint, but an important one because it shows what incentive can do as opposed to trying to force partnerships going forward.

The forcing part does not work.

CD: That is great. It is a great comment.

JG: This man, here, our incredible moderator, I want to ask you a question.

RJ: Is he allowed to do that?

CD: No, he is not. We are crazy up here now.

JG: Clint has done incredible work with his community. Just to tell you about the breadth of our business—because we own airlines; we own helicopter companies.

CD: We do?

JG: Can you tell us about that? That is an exceptional story.

CD: One of the things we wanted to do—it was quite funny—so I am from Nunatsiavut, which is in Labrador, and we had an opportunity to partner in a variety of different companies. We partnered with two companies, which were helicopter companies. One thing that we noticed when we were looking at what our revenue was—it was ourselves and the First Nations Group that was there—is that it was a small sliver of revenue for us. The contract was coming up for renewal. We looked at it and said, "We are a minority on the board. They do not hire any of our people. What the hell are we doing this for? This makes no sense.

We can go and invest our resources to try and generate revenue elsewhere." When our new CEO sent that message, and when we went back to the two helicopter companies, they thought, "Oh, my god, does that mean you are going to out with one of our competitors? You are going to corner a major contract, and, before you know it, we are going to be blown out of the water?" They started to scramble. One of the companies came forward and said, "Okay, if you do not like that agreement, how about you buy us." We went, "Yes, that is what we are talking about. We actually have the capital to buy it." We actually ended up buying the helicopter company, which were 19 helicopters, and the price tag was in excess of $45 million. Frankly, it was one of the largest transactions that an Indigenous group did at that time. It demonstrated that we do have, as Ron said, the capital, the people, the management skills in order to run companies like that. Yes, it was a source of pride for the community.

CD: We are going to tie this up with one quick question, and then I am going to tie it up at the end. JP, you have it. You talked extensively about economic reconciliation, what this country needs to do. What does Canada's economy look like when we have achieved that level of reconciliation? What does it look like?

JG: Again, I mentioned our unemployment rates are washed off the balance sheet of Canada. We have revenue sharing agreements for Indigenous communities as well because we are all treaty people in this room, so it is recognizing our treaties still have value and that there is revenue sharing with our First Nation and Inuit and Métis governments. There is also, as I mentioned, these are not just outliers; we would have equity positions in many of Canada's projects going forward. We need to generate our own source revenues, so that we can make our own decisions. By the way, our Indigenous entrepreneurs outpace the non-Indigenous entrepreneurs on a 4:1 ratio. It means more of these Indigenous businesses are being successful and being part of every part of our economy. That is what it looks like to me.

CD: *[Remarks in Indigenous language.]* I hope this was not like *Frost/Nixon.*

RJ: This is a lot of pressure.

CD: Exactly. Thank you very much for this opportunity. I do want to say, in between, when you are doing your binge watching of *House of Cards,* which, I think, is being released today on Netflix, please, please, please take the time—it is just 20 pages—read the calls to action. Have a look at it and try to identify some of those calls to action that you can do, personally. It is one of the greatest things that you can do as an individual, as a Canadian, and who is someone who is committed to improving this country. With that, I want to say thank you very much to our esteemed panel. *[Remarks in Indigenous language.]* Thank you.

RJ: Thanks.

PF: Thank you so much to Clint, Ron and JP. We do have a special address now to complement the discussion we just heard. I am going to read the biography for our next guest, Christopher C. J. Angeconeb. Chris is the President and CEO of AurCrest Gold. He is a member of the Lac Seul First Nation band in Northwestern Ontario. Chris possesses a strong understanding of the interrelated issues facing many First Nations, of the requirements of many of the agencies involved with Aboriginal affairs and of the practical implementation of the Crown's duty to consult and accommodate. Chris has served as a Director to AurCrest since 2011 and was Executive Vice President from July 2015 to February 2017.

Ladies and gentlemen, please, join me in giving a very warm welcome to Chris.

CA: *[Remarks in Indigenous language].* My English name is Christopher Angeconeb, and I am a member of the Lac Seul First Nation in Northwestern Ontario, in the Treaty 3 area. I have been asked to speak to you today on the Truth and Reconciliation Commission's 92nd call to action, carrying the heading "Business and Reconciliation," within the Commission's Report.

I would first like to acknowledge and thank Chief Laforme, who is not present, and the Mississaugas of the New Credit First Nation, on whose traditional territory we are gathered. I would also like to acknowledge my fellow members of today's Head Table and for the contributions of our previous speakers and their excellent discussion for today's Canada 150 celebration.

I was born in Sault Ste. Marie in 1971 and grew up as an urban Aboriginal, in a time, for better or worse, when I was referred to as an 'Indian'. My father was born on my grandfather's trap line north of the Lac Seul Indian Reserve No. 28, where he was raised until he was taken away to a residential school. The first was the Pelican Falls Indian Residential School, and then, after several successful attempts to run away back home, he went to the Shingwauk Indian Residential School, which is on the site of what is now Algoma University.

My mother's family had been in Canada for several generations when she was born, originally hailing from Germany and several places within the British Commonwealth, which makes me, and my siblings fall into the taboo moniker of 'half breeds'. This also meant that we were subject to racism from both sides. Storms make oaks take deeper root, as they say.

The single greatest piece of advice my father gave me before he passed away suddenly when I was 18, in response to a young me questioning how to fit into a world that did not seem to want me was "Maybe you need to find a different way." Simple and analogous to the self-searching of almost any adolescent, but it is applicable to everything I have ever had to do.

My traditional name, *[Indigenous name],* is an interpretation of the dream that an elder I highly respect had in my regard, meaning roughly 'Runner of the Message'. He saw me running between the communities carrying the messages from one place to the next, never changing the wording of the original message because I am told it was a highly respected occupation within the traditional Indigenous societies. I am from the Caribou clan.

The 92nd Call to Action calls upon the corporate sector of Canada to embrace and apply the United Nations Declaration on the Rights of Indigenous Peoples, when Indigenous peoples and their lands and resources are involved with any activities of any corporations. It fits wonderfully within a holistic approach typical to the Indigenous culture world view, not to be taken in isolation from the other 93 calls to action, and it establishes some lofty, but eminently achievable goals.

It has been my observation through the many and varied jobs that I have had working for Aboriginal organizations in First Nations over the past 30 years—my first summer job was for the Indian Friendship Centre in Sault Ste. Marie when I was 15—that the application of the Indian Act, itself 140 years old, is one of legislative poverty for First Nations and isolation of their members from the lands, such as my grandfather's trap line, where the traditional lifestyles and the old religion flourished. I do not believe that the many sharing treaties and the Indian Act itself originally intended such, but in the interpretation and application of both, it became the reality. Other travesties that arose from the Act have been well documented, and it will take generations to reconcile.

Oddly enough, the Indian Act recognizes me as a full-status Indian, regardless of my mixed heritage. My mother is also a status Indian because that is the way it worked in those days. Among my experiences with my own band, the Lac Seul First Nation—I can illustrate this—is that I started employment with them as a flood claim coordinator, as a liaison between our lawyers and the flood claim committee with respect to the specific claims process in negotiations. In 1928, construction began on the Ear Falls dam and hydroelectric generating station, which ultimately led to the illegal flooding of the Lac Seul Reserve and the loss of most of the resources that contributed to the elders' choice of the Reserve location in the first place as well as a significant portion of the Reserve land base itself.

[Indigenous name], our traditional name, has been fighting for restitution through a variety of formal processes since 1985, beginning with the federal specific claims process and the provincial historic grievances processes, but ultimately winding up in courts. The Ear Falls Dam provided power to a growing resource extraction industry, both for mining and

forestry, whereas the Lac Seul Reserve did not become electrified until the mid-1980s. Timber extraction from the Reserve lands and the number of failures of fiduciary obligation was a separate grievance from the same time period. The settlements of aspects of the flooding claim and of the timber trespass court victory provided Lac Seul with something that it never had before: Money of its own without the strings of what is now Indigenous and Northern Affairs Canada.

My next job title was Lands and Resources Co-ordinator, wherein I became the point of contact for consultation and accommodation. I think of my responsibility to my band through that job as being the thorn in the Crown's side. While I was quite good at it, relationship-building with the Crown and industry became the real focus. It was during this period that Lac Seul invested some of its settlement funds into a little junior exploration company that was renamed AurCrest Gold Inc., trading as AGO on the TSXV, and I was selected by my council to become a director of the company. Right about that time, the precious metals market tanked, making for a large number of interesting lessons.

The final role I performed for Lac Seul was General Manager, Economic Development. It was my job to create an economy for the band, including, free cash profit, employment and training opportunities—both on and off Reserve—with band-owned corporations and individual entrepreneurs. Also, during this time, I was one of the principal negotiators for the various business partnerships and industry exploration and collaboration agreements.

Again, my father's advice echoed loudly to me, especially, as an off-Reserve band member working on the Reserve.

I am quite proud of my accomplishments from that period, from being part of the team that negotiated the Lac Seul Generation Station Partnership Agreement with OPG to finally seeing the Goldcorp Red Lake Gold Mines collaboration agreement to fruition; to several exploration agreements with junior exploration companies; to bringing Tim Horton's franchise to Sioux Lookout and giving the local youth their first real service industry jobs; to securing the Giant Tiger franchise in Sioux Lookout as part of a very long-term lease in a commercial building owned by the band.

In that same period, I sat on many boards for organizations striving to make changes on the landscape. Most significant was the Wataynikaneyap powerline project. I am even proud, although saddened by the necessity of it, that I followed through on valiantly terminating the employment of a cousin, given the reputation that many First Nations have with respect to nepotism. In my current role as President and CEO of AurCrest Gold Inc., I am again reminded that maybe I need to find another way. There remains a general and depressing and unhealthy lack of infrastructure in First Nation communities in Ontario.

The treaties that were signed over a century ago were intended to share the wealth of this country, regardless of how the subsequent years have panned out.

To impact the Northern First Nation communities in a very positive way, our current standard of consultation with Indigenous groups needs to turn into participation of Indigenous groups. AurCrest Gold embodies this notion as we are a First Nations–led resource company with First Nations equity ownership by the Lac Seul First Nation who, as I stated earlier, actually invested their own money.

As a gold exploration company, it is my intent to have AurCrest work in regions where the local communities welcome me as a mining and renewable resource partner and not as a thief. There are opportunities for me to provide assistance to the local communities that go well beyond paying a portion of my exploration expenditures into a community's sustainability fund. There are avenues to reduce diesel dependence in remote communities by developing alternative energy sources in partnership with my neighbours so that I can purchase power from them later on in the mining cycle.

AurCrest has created the subsidiary company, Wiigwaasaatig Energy Inc., to develop a noble and sustainable energy infrastructure in partnership with the company's neighbouring Aboriginal communities. Wiigwaasaatig has already signed its first letter of intent with Cat Lake First Nation for a 40-megawatt renewable energy project. There are willing employees to be had, specialized training to be developed, senses of self-worth to be grown, roads and other vital infrastructure to be built, and, from my own sense of self-worth, cross-cultural relationships to be built and nurtured.

The next steps for AurCrest include the exploration and development of the company's Northwestern Ontario gold properties; the staking of new gold, platinum and copper mineral resources with the guidance of the local Indigenous communities; and assisting with the development of the electrical infrastructure and renewable energy for future use at AurCrest properties.

The corporate culture in Canada is uniquely positioned to make good on the 92nd call to action, provided that the derivation of economic benefits and all of the positive impacts it can have in a holistic sense of health is truly felt by all. I believe the business model of AurCrest can accomplish this as it serves as a vehicle to grow the shareholder value and meaningfully contribute to the socioeconomic development of my neighbouring Aboriginal communities.

In closing, I would like to leave you with the words of another gentleman, Neil Peart—these words have always struck me with their brilliance, plain and simple: "And the men who hold high places must be the ones to start to mold a new reality closer to the heart." Thank you for your attention. Chi Miigwetch.

PF: I was just saying to Chris that I am a Rush fan, so I really enjoyed that quote. We are almost at the finish line. We have one special ceremonial activity to take place. If I could ask Clint, JP, Chris and Ron to join me and Mike from IBK Capital in blowing out the candles. And I am calling it today: It is Canada's 150-plus birthday in respect of our guests and those who were here before us. Please, join me.

Note of Appreciation, by Mike White, President and CEO of IBK Capital Corp.

Thank you, Paul. Mr. President, distinguished Head Table Guests, fellow members and guests of the Empire Club of Canada, I have the pleasure to express our formal thanks to the three key speakers and their firms and to also the moderator, today.

Ron Jamieson, thank you. JP Gladu, thank you. Chris Angeconeb, thank you. Clint Davis, thank you very much. Gentlemen, what you did today, why you did it and how you did it helps each of us to better understand and embrace the capital markets and Aboriginal business. Each of your presentations pointed out to how attractive Aboriginal business has been, as well as the challenges of the opportunities available in 2017 to all of us potential investors.

Over the last few weeks, Premier Kathleen Wynne has visited with that Matawa First Nations, the Cree and Ojibway leadership and highlighted that the billion dollars that the Ontario government has committed to build the road to the Ring of Fire is on the table. The Ontario government wants to get the infrastructure started prior to the 2018 election and is working to get consensus about the corridor and route of that road. What a great way to welcome the next several years in Ontario, but this cannot be done without the First Nations communities. I am glad that she has decided to engage the communities, whether it be as a collective group or as individual communities.

I just want to say to our speakers today that, if not for all of your effort through the years and continued effort for many years to come, none of this would be possible. Canada is well blessed with natural resources and energy and all the businesses that spring from that, and it has been too long since we have been, I guess, respectful and mindful of how those resources, how the energy of our country and how the communities that all live in this country, together, should approach the extraction and the businesses that spring from those natural resources. You all, today, are builders of the economy. Your leadership and entrepreneurship is infectious and will continue to feed real growth with First Nations and the economy of Canada. Thank you all very much for being here today.

Concluding Remarks, by Paul Fogolin

I will keep my closing remarks brief. I do want to thank our two sponsors today, our lead sponsor, IBK Capital, and our VIP sponsor, BMO. Without sponsors, we could not have events like this. We are a not-for-profit club. Please, join me in giving them a hand.

Although our Club has been around since 1903, we are on social media. Please, follow us at @Empire_Club on Twitter. I am also told we have a Snapchat account. I do not even use Snapchat, but we are there, which speaks volumes to the staff and to the Club. Our next lunch is here. On June 5th, we will have the Honourable Dominique Anglade, Québec's Minister of Economy, Science and Innovation, which should be a very exciting discussion.

Thank you so much for coming today. That was a fantastic discussion. Our goal, actually, is to have this as an annual event to keep the conversation going. Keep on the lookout for this next year. Thank you so much.

The Empire Club Presents

THE HONOURABLE
DOMINIQUE ANGLADE

MINISTÈRE DE L'ÉCONOMIE, DE LA SCIENCE ET DE L'INNOVATION, QUEBEC

WITH
QUEBEC: LEADING THE RACE FOR A SMART AND GLOBAL ECONOMY

June 5, 2017

Welcome Address by Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Past President of the Empire Club of Canada

Good afternoon, ladies and gentlemen. From One King West Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us either through our webcast or our podcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests to you. I would ask that each Guest rise for a brief moment and be seated as your name is called. At this point, I typically ask the audience to refrain from applauding until all Head Table Guests have been introduced, but, of course, I know from experience that no one respects that request, so feel free to applaud as I announce each guest.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Dominique Anglade, Minister of Economy, Science and Innovation, Quebec

Guests:

Ms. Diane J. Brisebois, President and CEO, Retail Council of Canada
Mr. Thomas Chanzy, Vice President, Public Affairs, Ontario Trillium Foundation; Director, Empire Club of Canada
Dr. Tom Corr, President and CEO, Ontario Centres of Excellence
Mr. Pierre Cyr, Director, Board and Stakeholder Relations, Canadian Blood Services; Director, Empire Club of Canada
Mr. Éric Dequenne, Vice President, International Affairs, Investissement Québec
Ms. Nicole Lemieux, chef de poste au Bureau du Québec à Toronto
The Honourable Reza Moridi, Ontario Minister of Research, Innovation & Science

My name is Gordon McIvor. I am your host for today. Ladies and gentlemen, that is your Head Table.

One of the most interesting aspects of being involved with a very, very old institution, like the Empire Club of Canada, is that you can literally see the history of our country and its provinces play out in the speeches that are delivered by our guests week after week, year after year and, through these speeches, better understand what is going on at the time that captured the attention of all of our citizens.

This has been particularly true when talking about the Province of Québec, which none would deny has played a very special role in shaping the history of our country, particularly, in respect of issues of public policy.

In preparing to welcome the Minister, today, I managed to go through some of these old addresses, and I am always amazed to see how prescient they were in helping to shape the country we live in, a country that many around the world now view as one of the most enduring and successful social democracies that has been very careful to create policies that are not short-sighted and work to serve the long-term interests of our population. Needless to say, business leaders of the day often visit our podium to explain how these policies have impacted their areas of the economy. Take, for example, one of our very most famous speeches from Québec, which was delivered back on March 6th, 1969, by Robert C. Scrivener, who was then the President of the Bell Telephone Company of Canada, located in Montréal, of course, which he entitled, “The Coming Revolution in Telecommunications.” This speech set the stage for a new post-revolution tranquil Québec where innovation and education were the order of the day.

As he stated in that address almost half a century ago, “The educational system in Québec is being completely rebuilt at all levels. It is being brought forward 50 years in 5. Involved are the government, the teachers and professors, students and parents. It will be another five years before the education system in Québec will take its fully modern form and before the full impact of this revitalization will start to be felt. This period is bound to be upsetting of traditional approaches and power centres. It is releasing new views, new energies and is producing great debate. It is turning loose a completely new generation with modern desires.”

Fast forward to June 2017, and we see the results of those enlightened policies in the person of our guest speaker today. Québec’s Minister of Economy, Science and Innovation, Dominque Anglade, is a dynamic force in the creation of economic growth initiatives, helping to make Québec a leader in highly competitive knowledge sectors. Recent data has confirmed this. In 2016, you may know that 42% of Canada’s total job growth happened in Québec. Of the 85,400 full-time jobs added, many were in the smart sectors, such as digital entertainment, virtual reality technologies, geometrics and artificial intelligence.

With the recent release of Québec's two new strategies, one for research and innovation and the other for life science, and in addition to its upcoming digital strategy, Québec is taking definitive steps to stand at the forefront of the global smart economy. We are delighted to have with us, today, one of the main players in ensuring that this jurisdiction continues to lead in these areas.

We are all looking very forward, today, to Minister Anglade sharing Québec's new economic vision with us and to furthering the creation of exciting new business opportunities. Her background with Proctor & Gamble, Nortel, McKinsey & Company, Montréal International and numerous volunteer initiatives all make her one of the new generation of Québec leaders that help continue the legacy of innovation that this region embarked on half a century ago.

So, please, join me in welcoming to our podium, today, ladies and gentlemen, a businesswoman, an accomplished engineer, a politician, a wife and a mother, and one of the reasons that we have so much confidence in the future of Québec in the global economy. Ladies and gentlemen, without further ado, we are delighted to welcome to the Empire Club of Canada, for the first time, the Minister of the Economy, Science and Innovation, the Honourable Dominique Anglade.

The Honourable Dominque Anglade

Always happy to see my friend Reza Moridi, my counterpart in Ontario, here. We always have great conversations about innovation and what we need to do to move Canada forward towards the new economy. A real pleasure to be here with you today.

I wanted to talk to you about the economy of Québec, in general, how things are going, and I want to share with you some of the latest initiatives that we have decided to launch in order to make sure that we were really creating a dynamic environment for businesses in Québec. I do not think I need to go through Québec at a glance with you. The only thing I would say is that for the 8.5 million people in Québec, things, economically speaking, are going well.

Mr. McIvor, you were mentioning the stats. In fact, 2016 was a really great year for Québec, where we had 42% of all the job creation in Canada and actually presented our third balanced budget in April of this year, so we are in a very good position with a surplus. What do we do with this surplus? We want to reinvest. Where do we want to reinvest? In health, in education and in economy. The stability, the economic stability that we have created is really allowing us to make some key choices, to make some key changes in our economy as well.

It is nice to see that things are going well in Québec. It is better when it is Bloomberg saying it. A quote from

Bloomberg about what is going on right now and what they see in terms of the transformation of the economy.

The way that we are thinking about the Québec economy is really by focusing on three main pillars. The first one is entrepreneurship; the second one is innovative manufacturing—we can call it advanced manufacturing—and the third one is exports. Based on those three pillars, all of our strategies are really focusing on delivering on those three specific pillars.

When we talk about entrepreneurship, there are, again, a number of initiatives that we decided to put forward, but one of them, I find, is particularly interesting, and it is the second one. We have, as it is in Ontario, an economy based on small and medium companies. About 50,000 leaders will retire in the next five years—50,000 leaders. We need to make sure that we have people able to take those leadership positions and replace the leaders that we have in place today. There is a centre for transfer that we put in place in order for the people who are interested in selling, people who are interested in buying. Interestingly enough, we were quite surprised, but there are a lot more people interested in buying companies than there are in selling companies. We know that there are leaders that want to and that are supposed to retire, but they are not willing to say it. When you are 65, you think, "I still have five years to go before I sell my company." We also have to work with our leaders in Québec in order to facilitate the transition towards the new generation.

The second pillar of our economy is innovative manufacturing, advanced manufacturing. It does not matter what sector you are looking at, we need to modernize our economy. What we have decided to do is to really target advanced manufacturing in every single sector, whether it is agriculture, whether it is the aerospace industry, whether it is the forestry industry. We have really decided to invest significant amounts of money to support this transformation—$825 million over a period of three years.

In the first year, we have invested $400 million in the economy. The private sector has been responding quite well because they have decided to invest $1.9 billion in those investments. In total, we have mobilized every single actor that we have in Québec for this transformation. We visited every single region in Québec to make sure that we would tell people how critical it is to modernize, and so we have been giving them the tools and are investing in the economy and creating jobs that are high-quality jobs. In total, just this year alone in advanced manufacturing, it is $2.3 billion that we have invested based on the projects that we decided to finance. Good results but, again, this is about transformation, and you do not get to transform the economy in one year. You need to do much better than that. That is why we are going to continue the modernization and the advanced manufacturing projects that we have. The third pillar is a key one. It is exports. We are really good at trading in Québec. Earlier, I was at a conference. I was talking to my Tennessee counterpart, and I was telling him we are so good at trading that we traded our best hockey player with Tennessee with P.K. Subban, and now we are in the finals of the Stanley Cup. We are definitely a very good partner when it comes to trading with the United States.

Before the U.S. election, we decided to launch our strategy around exports, so we decided to put $500 million on the table over four years in order to really encourage our companies to grow and to invest more in United States and in the world, in general, but, with a specific focus on United States, which is really important to us because there are so many things happening right now with the relationships with the U.S. I would like to say that we cannot look at the U.S.-Canada relationship as a relationship between Ottawa and Washington. It is a relationship between state and state. It is a relationship between unions and unions and companies versus companies. We all need to be together in this and making sure that we are extremely proactive and present in the United States. I have been in the United States—I do not know how many times. It feels like every two weeks there is a minister from Québec who is in the United States for sure, and we realized that we have been taking this relationship for granted. When you engage in a conversation with your counterparts, they are really happy about looking at opportunities and seeing how we can grow together. They are very open to trade, so I think we need to maintain those relationships and build on the momentum that we have.

We have also decided to launch at new centre to accelerate the growth of companies. This is a new initiative. This is something that we have never done in the past. Somebody came to me in New York and said, "We need to encourage the top companies that are exporting in the U.S. to do even more." I turned over to my civil servants, and I am like, "Let us do this." Well, we have never done this before. Well, that is exactly why we need to do it. We need to change the way we think about this stuff and try to find new initiatives that are different than what we were doing in the past.

We have a first cohort of 17 companies that are already exporting in the U.S., but we are giving them more means in order to perform even better. Really, we want the ones that are really good at exporting to become great at exporting. That is what we have launched. Officially, of the 17 companies, it was about a month ago that I was in New York to present this first cohort.

We added new resources, as well, so commercial people from the government in the United States in order to support the growth of our companies as well. When you look at the different issues that we have had regarding trade—CETA, that is a good example. We are about to finally ratify the CETA Agreement in about two weeks' time. This means great opportunities for our companies. We need to make sure that they all know about the potential that there is in Europe with that market of 500 million people. I do not know if it is the same for Ontario, but I know for sure that the European companies are quite prepared to really take the opportunity of the CETA Agreement and really come here. I think we need to do a lot more work with our companies to do exactly the same. In the next few months, there will be an acceleration in the work that we need to do with those companies.

Softwood lumber—we have been preparing for this. It is something that has been happening. It has been a problem with the United States for over 30 years. It has nothing to do with the latest administration. It is definitely something that we are working on. We have more than 60,000 people working in that field in Québec. We are supporting our industry quite heavily to make sure that, at the end of the day, we do not see what happened in 2008 significantly hurting our industry, our softwood lumber industry.

We are getting ready to renegotiate NAFTA, which is, at the end of the day, a good thing because it is somewhat old. It is somewhat dated. We are in a digital era. We need to think about the new elements that we need to add to this agreement. I think it is really important to build momentum with the allies that we have in the United States, and we have quite a few allies in the United States that really believe in trade and that we can work with.

None of this would really make sense of the three pillars that we have, whether it is entrepreneurship, whether it is advanced manufacturing, whether it is exports, if we do not have an obsession with innovation. Innovation is key, and we need to embrace it in every single aspect. That is the reason why. You were mentioning that we launched two different initiatives. In fact, we launched one specifically related to le science de la vie, life sciences, where we are really supporting the industry. We came up with ideas that we did not have before. We have a new innovation office in the Healthcare Ministry in order to facilitate new technologies to enter the health system. We are really trying to look at different avenues in order to support the industry but in order for this to be good, as well, for the people of Québec and people in the world, in general. That is one strategy that we decided to launch.

Never in the history of Québec have we invested that much money for research and innovation. It is $2.8 billion over the next five years, specifically, the strategy is $500 million. Obviously, all this is possible because we have a surplus. All this is possible because we have a balanced budget. It took us a lot of time, as a government, and a lot of energy to make it happen, but now we can reinvest in the talent. One element is talent. When I talk about talent around innovation, I mean—if you go on my Twitter account, the first thing that you will see it is I say "mother of three." I think of my children when I think about the first one because, when we talk about innovation and science, it needs to start at a very young age. We have programs going at the age of 5 all the way to PhD students and post-grads. That is where we need to invest. We need more people in science, and we need more females in science. That is really important as well. Maybe more females in politics. Can I say that? Yes, I can. You can applaud, yes. Yes, you can applaud.

Just a quick anecdote on my five-year-old daughter because I was away from home quite a bit, because I was in parliament. I felt guilty about that, so I was telling her, "I am going to show you the video of a question period. This is a person posing a question to Mommy, and Mommy is answering this. This is another person, and Mommy is answering." I was showing her the question period, and she goes, "Mommy, there are really a lot of boys at your job." She is five. Definitely more women in science, more women in politics, in general.

The second element is research and innovation in all fronts. What we mean by that is we are focusing on new technologies, for sure, research that is applied, but also research that is fundamental research. That is also critical. In the conversations we have with universities, sometimes they are really saying, "You are not supporting the fundamental research enough." There is always the question between applied research and fundamental research. Both are important, and we need to do both. That is what we are doing right now.

Commercialization. A big focus for us is on commercialization. A way to illustrate what we need to do is in artificial intelligence. As part of the $585 million that you saw earlier, $100 million, we are investing in artificial intelligence. Why? Because we have phenomenal researchers in that field. Somebody was mentioning today, in fact—Ray Tonge? I am going to single you out. Ray Tonge was saying that he came to Québec about a month ago, and he said how impressed he was with all the work that is happening around artificial intelligence, and he did not expect that. We need more people. Who, in this room, has been in Québec in the last six months? A fair bit. You need to talk to all the people that have not been and tell them to come and see the work that we are doing because I think we are doing some pretty amazing work. We need to collaborate. We need to have Ontario and Québec collaborate more, and we need to collaborate with our partners in the States as well. The work that we are doing in artificial intelligence is pretty amazing.

Some examples of that: ABB invested $90 million in the International Centre of Excellence for Electric Mobility. There is a big conference next week. That is going to be quite attended as well. Another investment: Google has invested $4.5 million in Montréal for, again, artificial intelligence, deep learning. There are a number of different investments happening right now, so we want to make sure that we support this. Especially, artificial intelligence has a huge impact on, again, every sector.

As we modernize the manufacturing side of things, artificial intelligence is really reinforcing those sectors as well.

At the end of the day, I think that what matters is really mobilizing everybody. *[Remarks in French.]* There are no passengers on the spaceship earth; we are all crew members. We are all crew members. We all need to get involved. We all need to get engaged. By mobilizing all the talent that we have, this is how we can really make a difference and transform the economy. *[Remarks in French.]* That is the way we are really going to create this environment where we really feel good about what we do, the jobs we are creating, and that is why we are really excited about being in Québec.

Thank you very much for your time. I will be taking questions. Thank you.

Q: Hello, Minister. Thank you very much. That was an excellent talk. Just a quick question. I am Josipa Petrunic. I am the Director of the Canadian Urban Transit Research & Innovation Consortium. We work with a lot of companies in Québec on electric mobility and so on. How much of the $585 million that you have invested has come from carbon pricing? Can you take us through how much money, in the budget, is coming out of carbon pricing mechanisms or cap-and-trade that is being reinvested or is none of it?

DA: None of it.

Q: Oh, really. Then, can you take us through where that money will go from carbon pricing in the future?

DA: Are you talking about Fonds vert and all those initiatives that we have? It has gone through a number of different projects. One of them, for example, is around electric vehicles that we decided to invest $40 million in through different projects, but it is really project-based as opposed to clear funding for research and innovation. We separate this amount from what we have.

The Fonds vert is managed by the Environment Ministry. Every single ministry can have access to it in a project that is supportive of climate change and its impact. For example, if I think of all the projects I have announced this year that are funded by the Fonds vert, it is probably $200 million, I would say, but it is separate from that $585 million. My colleagues in Natural Resources have also announced different projects, but that I would not be able to answer specifically. We would have to look at the different numbers. Thank you.

Q: Minister, you were talking about innovation with some focus on technology or new technologies, including artificial intelligence, and you were showing some very positive numbers. Let me turn the question around and ask you where are you most concerned in the next couple of years? Where do you think the greatest challenges will be, both for Québec and its partners, in light of the political climate, not only in North America, but around the world?

DA: To me, the biggest challenge, without any doubt, is the question of talent. There is not a single president of a company that I meet that is not talking to me about talent and saying, "I need to hire more people in that field. I need to find the people." Even yesterday, we were meeting with people from the U.S., and they were like, "Everything is driven by where the talent pool is." This is something that we used to talk a lot about 15 years ago, 10 years ago, but, in the last three years, that is all, that is really what people talk about.

I was talking about one of the acquisitions that we have. Microsoft did an acquisition in Québec. I was talking to their CEO for international programs in Microsoft. He was telling us, "There is no way we can relocate the people. We would be talking about 40 people. There is no way we can relocate because, first of all, they are not going to leave Montréal. Second of all, we do not have that talent. We need those people. If we want to hire, we need to create this cluster, so we need to hire 40 additional people in that area." Talent is really going to be critical for the future. I think it is the same thing pretty much everywhere. If you are not focused on talent right now, you are making a big mistake. That is something that I keep in the back of my mind. We have great projects. There are projects that I am looking at that are on the table right now, and I am thinking this is such a fantastic project, creating 800 jobs in one go. We need to find those 800 people, 800 qualified people. That is something that is in the back of my mind. That is why the programs we have in universities, the programs we have in CEGEPs are really essential programs.

You also mentioned the political. I am really an optimistic person at heart. I think, in the end, we are going to be in an environment where people are going to realize that trade is a good thing.

Can we improve? Probably, but we have to come to our senses and realize that this is definitely something that is beneficial to everybody. I have yet to have a conversation with anybody, especially in the United States, where people do not agree with that. I am still optimistic.

Q: Bonjour, Madame Anglade. Je suis Julia Deans de Futurpreneur Canada. We helped to launch over 400 businesses in Québec last year alone. Thank you to your government for your partnership in that. Many of our young entrepreneurs are looking to the U.S. for trade, but they are also looking across Canada and internationally. We help them with that, but I am wondering: From where you sit and visiting us here in Ontario, what do you see for Québec businesses increasing across the country and doing business with other provinces and bringing things back to Québec from the rest of the country?

DA: It is a very good question because we tend to think of exports as outside of the country, but really 40% of our export is really in the rest of Canada and Québec. The rest of Canada is critical. The other provinces are critical for us. I see a lot of potential. That is why there was the new agreement. In French, it is ALEC. Do not ask me what the acronym is in English. Anyway, this free trade agreement between all the provinces—

whatever the acronym is—we just agreed to, and it is an agreement that really facilitates companies to work together. We already had an agreement between Ontario and Québec. Now, we are really extending, to some degree, to the rest of the other provinces. I think there is big potential. Sometimes people say, "I want to export." Have you been to Ontario? Maybe it is the first step you need to take. Have you been to New Brunswick? We need to think in those terms, so, yes, I think it is important. And there is the U.S. market; there is the Asian market, European market—never to forget the Canadian market.

Q: Bonjour, Madame Anglade. Thank you for your speech here today. I would like to build on that question, if I might. I think that there is so much interdependence between Ontario and Québec that speaks to the need to continue down that path that we have seen extensively by way of Premier Couillard, Premier Wynne, Premier Charest, Premier McGuinty before them. When you look out on your horizons, and you see where the priorities are, outside of the broad areas of economic growth, when you think about innovation, you think about research; you think about pushing things forward. Is there any room, do you think, given the strengths that Ontario and Québec have, particularly, in research and research universities, to coordinate a strategy going forward?

DA: Is there room to coordinate a strategy? Yes, there is always room. It is when we go abroad that we realize what we are doing so well. The BIO Conference is coming up shortly, but last year I was attending the BIO Conference in California. You would not believe the number of people that came up to me to say, "What you are doing in Ontario and Québec together, it is fantastic. It is really phenomenal the work that you are able to do in terms of collaboration." I think our researchers are really good at working together, but they are not very good at bragging about all the great work that they do. That is not their strength, necessarily. I think we need to highlight more of this work.

In terms of life sciences, I think there is a lot more work we can do. In terms of artificial intelligence, we are not in competition. We are not competing with Ontario in artificial intelligence. We are competing with the rest of the world. I think Canada is extremely well positioned to make things happen. This could touch many other sectors. Agriculture could be impacted and have a huge impact on…The automotive industry and artificial intelligence and big data—this is all like one big, big cluster, if you will. This is another area where I think we could do more.

I would be very happy to look at different alternatives and new strategies. We had a joint cabinet meeting between my premier, Premier Philippe Couillard, and Kathleen Wynne, where we identified specific areas where we want to work on. This is already a very good start to get to future strategy. Who knows? Thank you for your question.

Thank you very much to everybody. Merci beaucoup.

Note of Appreciation by Mr. Éric Dequenne, Vice President, International Affairs, Investissement Québec

Bonjour everyone. Hello. I am very honoured to have the privilege to extend my thanks to Minister Anglade. I would also like to extend my greetings to Minister Moridi, Consulat Général de France, Gordon, distinguished guests and ladies and gentlemen. I think that we are a bit more formal and probably a bit more boring.

Like we say, there is an old joke that the last obstacle is before the lunch, but now I think that I am the last obstacle before you leave the room. There was a charming lady at the table that said, "Eric, then take your time. Take your time." No, it was the opposite, I think. You said, "Go, go, go. Try to go fast."

Let me read some notes that I have here in front of me. As I said, I am honoured to have the opportunity to address you today and to thank our Minister for her speech at the Empire Club of Canada. As the Minister clearly stated in her message a little earlier, Québec is resolutely focused on innovation and cooperation. Like Ontario, we had a great discussion about innovation in Ontario with my neighbour and every other economy driven by value added products and advanced services, we know that our growth depends primarily on our talent and ability to innovate.

On that front, we have earned a global reputation in growth areas like artificial intelligence, data storage and special effects where we have recently met with notable successes. Examples include, Madame Anglade, Google Cloud's arrival in Montréal, their presence of IVADO, which is the Institute for Data Valorization; the January announcement of Microsoft's entry to Montréal's deep learning community and, of course, the explosion of effects studios over the last ten years in Montréal with Autodesk, audio effects, Digital Dimension, Moment Factory, Hybride and more.

We are also home to industrial manufacturing projects *[remarks in French]*, technologies confirming Québec's ability to be a part of a large global innovation change with recent examples—I will repeat some of them because it is very important to reiterate the importance of those projects conducted in Québec: The German conglomerate Siemens, which recently announced over $110 million of investments in its Dorval plant to carry out research and development as well as the Swiss engineering firm, ABB, which recently announced it will set up in North America its North American Centre of Excellence in eMobility in Montréal, where it will develop energy management solutions for electric buses and trains. This initiative is part of a $90-million project to establish ABB's new Canadian headquarters in Montréal and to consolidate the company's research and development, manufacturing, assembly and testing activities under one roof, which is very critical. Some of the people here in this room have also projects under Wind Québec, and we can attest that the importance of innovation is critical.

Enough name dropping. My message is to remind that our role at Investissement Québec is to translate that government commitment into tangible projects and offer you assistance with evaluating your plans and ultimately financing them. At Investissement Québec, we are, first and foremost, a financial institution, having carried out one billion dollars' worth of financing initiatives drawing on our own equity and nearly $2 billion on behalf of the government.

To the Minister's already ambitious messages, I would add that we have not only the will, but also the financial means to succeed. Your speech, Madame Anglade, reminds us that the global economy is in constant evolution and, more than ever, the key driver to support the development of our economy, the development of experts and the speed to commercialization is innovation.

Investissement Québec is proud to be your economic arm, the economic arm of the Québec government. Investissement Québec is there to put forward projects to support a Québec economy, and we are seers.

Concluding Remarks, by Gordon McIvor

Merci, Mr. Éric *Dequenne. [Remarks in French.]* A sincere thank you, as well, to our generous lead sponsor, Investissement Québec, and to our VIP reception sponsor, the Retail Council of Canada. Thank you Madame Brisebois, for making this event possible. Without sponsors like these great companies, the Empire Club luncheons, obviously, would not be possible. Thank you all for your support.

I would also like to thank the *National Post*, which is our print media sponsor, as well as mediaevents.ca, Canada's online event space for live webcasting today's event to thousands of viewers around the world. As you probably all know, the Empire Club now is seen by many, many more people on our webcast and podcast than it is live or on television.

The Empire Club Presents

THE EVOLUTION OF THE REAL ESTATE INDUSTRY: DIVERSITY, CULTURE AND WORKPLACE

WITH
SCOTT ADDISON, SHEILA BOTTING, MICHAEL BROOKS AND TONI ROSSI

June 13, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

From the One King West Hotel in downtown Toronto, welcome, to the Empire Club of Canada, once again. For those of you just joining us through either our webcast or our podcast, welcome, to the meeting. Before our distinguished speakers are introduced today, it gives me great pleasure to introduce our Head Table. I would ask that each of you at the Head Table rise when your name is called and then be seated. At this point, this is typically where the master of ceremonies says hold your applause to the end, but we do not operate like that at the Empire Club, so clap as much as you can for each and every guest. They are all worthy of your applause.

HEAD TABLE

Distinguished Guest Speakers:

Mr. Scott Addison, President, Brokerage Services, Canada, Colliers International

Ms. Sheila Botting, Partner and Canadian Real Estate & Construction Leader, Deloitte

Mr. Michael Brooks, CEO, Real Property Association of Canada

Ms. Toni Rossi, President, Real Estate Division, Infrastructure Ontario

Guests:

Mr. Peter Altobelli, General Manager and Vice President, Sales, Yardi Canada Ltd.

Mr. James Burton, Partner, Percy Ellis Holdings

Mr. Sam Jaishankar, Team Leader, Marketing, Yardi Canada Ltd.

Mr. Jim Medeiros, CFO, Bluesky Hotels & Resorts Inc.; Director, Empire Club of Canada

Ms. Antoinette Tummillo, President, Antoinette Tummillo and Associates, Inc.; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and the President of the Empire Club of Canada. Ladies and gentlemen, your Head Table Guests.

I am also pleased to say that we have a group of students from Centennial College. A warm round of applause for our Centennial College students.

Thank you to Brookfield Global Integrated Solutions for sponsoring our students today.

The real estate industry, like many other industries, is evolving. Some would argue, however, that the evolution as it relates to diversity in the workplace and the overall culture is moving far too slow. Most of you here today are involved in some way, shape or form in the real estate industry. While we have a very good-looking crowd today, I do not know if you would say it reflects the true diversity of the city of Toronto. In truth, however, the story of diversity in the real estate industry is not all bad news.

This afternoon, our expert panel is going to shine the spotlight on the notable progress that has been made to date. They will also provide their perspectives on why change has been so slow and what they and their organizations are doing to accelerate that change. With representatives from government, brokerages, owners and the professional services sectors, we have all the bases covered for a very lively discussion. It is now my pleasure to introduce our panelists. Why do you not join me on stage as I read your highly abbreviated biographies. We would be here all day if

I read their full accomplishments. They are available on our website, for those who are interested.

Our moderator, today, Sheila Botting is a Partner and Canadian Real Estate & Construction Leader at Deloitte as well as a member of Deloitte's Global Real Estate & Construction Executive. Sheila is responsible for Deloitte's full-service offering to the real estate industry, which includes some 600 employees operating across 56 Canadian markets. She was also responsible for Deloitte's corporate real estate program, and played a key role that led to the transformation of the firm's office portfolio of almost 2 million square feet across Canada. Sheila has provided extensive real estate expertise to corporations, government, real estate companies, investors, pension funds and others involved in the industry. Her vision and expertise have helped Deloitte to transform its "Workplace of the Future," resulting in significant workplace improvements, productivity gains and cost savings across Canada. Ladies and gentlemen, Sheila Botting.

Scott Addison is President of Brokerage Services, Canada, of Colliers International, and he has been an active member of the commercial real estate industry for over 25 years. Scott executes the national brokerage business strategy throughout Canada. His focus is on both organic and strategic growth of Colliers. Strongly committed to client satisfaction, Scott fosters a culture of collaboration, service excellence and market-leading project execution. Scott is dedicated to maintaining the Colliers brand as the best in-class service provider, accelerating the successes of each and every Colliers client. Ladies and gentleman, Scott Addison.

Beside Scott is Toni Rossi. Toni is the President of the Real Estate Division of Infrastructure Ontario. A 25-year commercial real estate professional, Ms. Rossi leads the planning, transactions and overall management of the province of Ontario's 46-million-square-foot and 150,000-acre realty portfolio—wow—and she recently served as Interim President and CEO. Ms. Rossi was a key member of the Executive Team merging the Ontario Realty Corporation and Infrastructure Ontario in 2011. Before joining the Crown corporation, Toni was in Development at Oxford Properties. The majority of her real estate career was with Cadillac Fairview, where Toni held many retail and office property management, business reengineering, national operations and marketing positions. Let us welcome Toni Rossi.

Last, but not least, we have Michael Brooks, the CEO of Real Property Association of Canada, the senior Canadian trade association for large public and institutional investment real estate companies. Michael is also an adjunct professor at the Ted Rogers School of Management and a former commercial real estate lawyer at Aird & Berlis LLP. REALPAC represents the investment real estate industry in government relations, public relations and standard setting. Michael has represented the Canadian real estate industry in all major policy initiatives with government at all levels. Michael is the author of *Canadian Commercial Real Estate: Theory, Practice & Strategy*, the first national textbook of its kind in Canada. Let us welcome Michael Brooks and the rest of our panel.

Addison, Brooks, Rossi, and Botting on the Evolution of the Real Estate Industry

SB: Terrific. Thank you so much. Thank you, everyone, for joining us this afternoon for what I think is one of the most important conversations for the real estate industry. For those of us who have been in the industry for a long time, you recognize that this is *truly* an opportunity.

The format of our conversation is I will kick it off, share some facts and stats, and then so on down the panel. And then we will open it up for Q&A with everybody. Feel free to think of your most provocative question ever to ask our esteemed panelists because they are dying to answer the tricky questions. We hope to have a very engaging conversation.

To kick it off, what you do not know about me is that I have science degrees, several of them, focused on ecosystems. When you do six years of science, and you study the evolution of the commercial real estate industry, you realize, if you pay attention to Darwinian theory, that monocultures tend not to do very well and that, in fact, diverse cultures can thrive and flourish. When you think about that from a science perspective, it makes a lot of sense. Crops get wiped out when they are a monoculture. Diverse cultures do really well.

Then I have now come to Deloitte where we talk about ecosystems every day of the week. It is shocking how suddenly ecosystems are one of the most important elements of what we do. Diversity in our ecosystem is absolutely crucial. I have handed out this little book, so do not bother reading it until later, but just to give you some of the key facts, it has literally only been the last, I will say five to seven years that here, in Canada, we are starting to pay real close attention to diversity, diversity at the board level, diversity at the most senior ranks of any kind of organization.

When you think about what the benefits of diversity are—and that is both, of course, the male/female diversity, along with cultural diversity, and, I would add to it, technical diversity—whether you are a leasing person or a construction person or an asset manager, having that diversity of thought in any kind of decision-making, any kind of process, provides for a much better high-performing organization, high-performing culture, high-performing workplace and a place where employees are truly engaged. In the absence of that, in the absence of just all one single monoculture, you cannot get the best of the organization; you cannot engage people; you cannot have a provocative dialogue about all kinds of outcomes.

I worry that in commercial real estate—think about the nature of our business—we are largely order takers. We are waiting for the lease to happen. We are waiting for the tenant to tell us something. We are waiting for the pension fund to tell us they want to sell an asset or to do whatever. When you layer that on to some of the more conservative natures as us, as Canadians, you say we really have to get in front of this issue. Diversity is a really important conversation. It will drive productivity, profitability for your business; it will drive employee engagement, and it will drive far better outcomes for everybody involved. That is the base case. And there are tons of steps in here if anybody really wants to get at some of the stats and ask some of the questions. I am going to turn it over to Scott Addison to talk about this within the most tricky of all sectors, and that is the commercial brokerage industry, and what that means to Colliers and to your own view.

SA: Thank you, Sheila. I do not know if it is the trickiest of all sectors, but it has been challenging. That is really what I want to talk about here. We know that people go through change. One of the first elements of change is awareness. At Colliers, we are acutely aware that our brokerage division does not have a lot of diversity. I am probably the black sheep up here on the podium, and I will acknowledge that. That does not mean our hearts and minds are not fully supporting diversity and that we do not want to get there. We have had quite a long history of trying to get more diverse.

Diversity, for us—we are really focused on trying to change that male/female balance in our industry. It has come with a lot of challenges and a lot of stories. They may sound like excuses to some of you in the audience who say that it is easy: "Just mandate it; just change it." We found that change does not happen that way. There are a number of changes going on. We really started to focus in where we want to put change and put a lot of focus in that area. Right now, our change is that male/female balance.

I have seen a lot of change in our company. We have gone from being owned by the employees just 15 years ago, to being part of a publicly traded company, to being a publicly traded company just two years ago. Each one of those stages, as we have gone through it, has brought more clarity and transparency to things like diversity and, of course, EBDA and profit revenue growth. Diversity becomes part of it. That has been a good process. I think what you will see is the publicly traded companies will lead diversity, especially as analysts start looking at how diverse your workforce is, and it is for all the reasons that Sheila just mentioned—diversity is a good thing. We recognize that.

Saying that, that our hearts and minds are there, why has it not happened in the commercial real estate brokerage division? I want to be clear on that, too. We have a lot of employees that are in a property management valuation. That is a much more diverse culture. Brokerage—well, first of all, the problems: Sitting up here, middle-aged, maybe older, white guy, who loves sports and wants to build a team of people that collaborate, that work as a team. Despite the fact that I am a father of two daughters, I have a mindset that subconsciously is looking for people that are good athletes and team athletes, heavily weighted towards males. Our management team across Canada in brokerage is a reflection of me. Why? When we look back at it, going back the 20 years now that I have been somewhat involved in management, you tend to hire in your image because, hey, we are doing well, and we are doing well because of people like me. I know that is a little vain, but that is the reality of it. We hired strictly from referrals. We get referrals, and if the people referring them to us were like us, then we are interviewing. There is a real bias there.

How do you *change* that? Well, we have looked at that. We have changed our recruiting five years ago. We stopped just hiring the sons and friends who were referred into the business because very few people will refer their daughters into commercial brokerage because it is an old boys' club. How do you change that? We got much more proactive. We started going to the universities and talking about what the advantages are of being at a commercial brokerage.

That made it change. Our training program—and training is another component of it—went from less than 10% women to over 25% in the last five years. Big gain for us, big change. The problem was at the end of the training program—and the training program is really structured—we were still back around 10% women. A lot of them were getting hired outside in that salary side. We are a commission business. That is a challenge. Women are going to have children and have to take some time off for that. How do you do that in a commission business? We are looking at things like moving to a salary base.

We also realized the problem is me with the hiring. How do we change that? Our head of HR points out things such as if it is all white males hiring, that is what you are going to get. We have started what we call a scouting program. It is three women across Canada. They go into the universities. They do the recruiting for us. Our ratio of people coming in for interview: Nine men, one woman. We have changed that dramatically in the last few years.

That will change. Change is not going to happen overnight, but we are working towards it. It is a real challenge when the subconscious mindset is telling you something different. That is the honest answer. It is not easy. I cannot put hundreds of thousands of dollars into diversity because we have got accountants looking at EBDA.

I think that is the challenge with all the public companies. When the analysts start telling you part of their rating is diversity, it will change.

TR: Scott, I think, I probably would have made your team because I actually was a female athlete, a little-known fact. I came through to the real estate.

SA: It is not too late to join, either.

TR: Brokerage, here we come. I came through the real estate industry, similar to Sheila. I do not have a real estate background because, at the time that we were going through university, there were not a lot of real estate programs. Just in general, I think our industry has come a long way in providing that from a perspective of how university students actually get into our industry.

From my perspective—I will talk a little bit about IO, but I am really going to talk more broadly on the public sector or on the Crown corporations—I think, for us, there are three key things that we have been doing at IO. And I think the public sector has been doing fairly decently in that it has addressed some of the topics and issues that both Scott and Sheila have talked about. Those three things are fairly simple, but difficult to execute. We will start with leadership.

If you want a change to occur, it has to be deliberate and intentional. The right leadership makes the right changes. I will give you a prime example. At IO, our board of directors started at probably a 20% female ratio to an 80% male ratio.

That was there for years, the last ten years, easy. There was a deliberate and intentional leadership change that said we are going to recruit, go and find; we are going to headhunt some of the best women around, as well as the men. However, we really, intentionally, went out and found them. Leadership is key.

I will say, leadership starts with—we have a debate about this—always on do you need a quota, or do you need a target? The Ontario government and the federal government, from a public sector perspective, put a target out there.

They put a target out there for regulated OSC and companies, but they put a big target out there for Crown corporations, which was that, by 2019, Crown corporations in Ontario must have 40% female representation. That was a target. IO, I am proud to say, came to that target and has now a 50/50 split.

It is not just IO. Metrolinx has a 50/50 split; LCBO does; OLG.

If you start taking a look at Crown corporations, which are, in essence, kind of the hybrid of public sector and private sector, that is important, so leadership is key.

The second key thing, from my perspective, that makes a change is data, data, data. You need to understand what you are talking about. You need to actually get the data; you need to analyze the data; and then you need to report on it. We, at our board—now, I always have my little handy dandy little board show and tell—do demographic data. We talk about diversity at the board. We talk about the female/male split. We talk about who is getting promotions. We talk about who is leaving, why they are leaving. We talk about accessibility. We talk about who we are going to hire in, and we track it. Again, that has not been forever. That has been over the last number of months that we have not just started really focusing in and collecting.

The last thing, from my perspective, that makes an evolution of diversity really is workplace and work programs. I think, Scott, you kind of mentioned some of those programs. We will talk a little later about some of the other ones that we are probably all doing, but you need to have the workplace that allows you to welcome and be inclusive and have diversity of accessibility, of people, but you also need to have the work programs that bring this kind of dialogue to bear. Because it is real estate, and I cannot say enough that, in real estate, it is location, location, location. But from diversity on these three things, it is repeat, repeat, repeat. Get the feedback; repeat it; refine. Get the feedback; repeat; get the feedback; repeat. Look at what has happened with the federal government and with the prime minister—because it is 2016, and there is 50% cabinet representation. Same at the provincial. We are a little bit less across the country on municipalities. There is about a 28% female ratio in councillors across the country. Today, about 18% of mayors are women. Whereas, in Ontario, our MPPs are about 30%, and, federally, the number is a little higher. Ways to go.

MB: Good afternoon, everybody. Good afternoon, everybody!

TR: You can tell he is a teacher, right?

MB: Come one, wake up.

TR: Good afternoon, Mr. Brooks.

MB: The chicken is in your stomach, and it is digesting it. I am really pleased to be here. Running a national association, this issue is something that has sat in my in-tray for too long, but we have moved very quickly since Toni and Sheila stalked me at the real estate forum in November. Just kidding.

TR: It is true.

SB: Just for an hour we stalked him.

MB: Let me repeat Scott's biases. I have two daughters, both in the workforce. I want them to be economically independent through their whole lives. One of them is off the payroll. To get the other one off the payroll soon would be fantastic.

At REALPAC, a national organization—big companies only, 92 members—we have six of our CEOs who are female, which actually is not bad, given some of the stats, and seven, if I count a Chief Operations Officer (COO). In terms of C-suite numbers, if I went down to the CFO level, that number would jump substantially. There are a number of CFOs of our membered companies who are female.

We had an HR summit last week with the Human Resources Professionals of Ontario—a co-branded event—and almost everybody in the room was female. There are pockets where there is great penetration, but if you looked at acquisitions in our membered companies' constructions, you would see those numbers down quite a bit. In our organization, we currently have ten employees: Seven female, three males, so the men are the minority. I think the wide diversified piece has been pretty well covered by our group. Perhaps, on the gender side, we know we need to get to 50/50 or parity.

On the visible minorities and all of the other groups that we talk about, that is 20% of Canada as of the 2006 census data. It was actually a bit of a surprise to me that we are less diverse in Canada than they are in the U.S.; there are much bigger populations of diverse communities in the U.S. Having said that, that 20% number is probably 25% today.

I teach at Ryerson. Before that, I taught at Schulich. My classes are from every part of the world. For a number of them, English is the second language, and they want to make a home here, want to contribute, love real assets. To take a spin on what Toni said about location, location, location: Bricks are dead. It is people, people, people who make those bricks work. We build the bricks; we rent the bricks out; we sell the bricks. It is all about people. It has always, always been about people in our industry.

What does a trade association do when it is late to the game in starting in this? Well, the first is data. We have amended our compensation study process. We do the biggest and the best annual compensation study in real estate in Canada. We have done it for eight years with our colleagues from FBL, who are here today. It is fantastic. For the first year, we are going to start gathering data for a gender and visible minority breakdown of the workforce in our industry because, right now, we do not have sufficient data to make that case.

We know that in terms of the C-suite, corporate Canada is around 20% female. We know the OSC has said 30% comply or explain. Even the 30% is probably a beginning number that we need to move up as we go forward. There are a number of barriers. If you were to Google or go on our web page and see all the member companies—Google the executive teams—you will see that it is still predominantly male.

How do we break that gap? How do we get more females up into the C-suite, and how do we get more females on the board?

We are thinking about a number of programs. I have my board meeting tomorrow morning where I am first going to pitch my board on our staff-generated diversity program. All of my staff members who are involved in that program are here today. We have looked around the world. What are other associations doing around the world? In the UK, let us just start with their two major trade associations: Nareit has a women-only initiative that they have just started. Pension Real Estate Association in the U.S. is more focused on visible minorities as their opening gambit. They have a program they have had for two years on visible minorities. Australia is, once again, way ahead of us. They are way ahead of us on sustainability in real estate, and they seem to be way ahead of us on diversity. There are a couple of great ideas that we are hoping to steal from them, and I am presenting tomorrow.

One is the panel pledge. All of our members are regularly on panels like this. The Australians have a panel pledge: No male member of that association will agree to sit on a panel or be part of a conference unless there is a female or someone, at least one female or someone from a visible minority, on that panel. I should ask everybody in this room who does public speaking, every male in this room, to take the panel pledge. You may say, "Well, I have marketing objectives; I may have to be up." You know what? It does not take much for you to push the organizer to have a woman on the panel.

The other thing they have done is set a target on board diversity in Australia. They have a 404020 rule: 40% male, 40% female, 20% visible minorities or other, of either gender. The 40-40-20 rule is actually very interesting because it identifies that we focused on gender. A lot of us have focused on gender as an opening gambit, but it allows us to reflect that 20% of the Canadian population, which is visible minorities. Gender is great, but we have to quickly move past gender, and we have got to get on to all of the other elements as well. There are other elements of our program that I am pitching tomorrow at the board meeting, but that is our start.

TR: Sheila, just before you start—because Michael, you talked a little bit about the association and certainly taking a panel pledge—there are many associations out there: Toronto CREW, ULI, Women's Leadership Initiative. We have lots of great women in infrastructure. We have lots of great female associations who have and are promoting things like HeForShe pledging and doing that. It is one thing for an association to take the pledge, but it is another thing to actually follow through on it. What happens when that does not occur? In the industry, we kind of refer to it as 'manels'. They are no longer panels; they are actually manels. What happens when somebody takes that panel pledge, and you are on a manel? What do you do?

MB: Good question. At the HR summit, there were some wanels last week. Is that a word?

TR: Wanels have all females.

MB: Wanels. I just coined that word, 'wanels'.

SB: Excuse me, what is a 'wanel'?

TR: It is [a panel of] all women, I am sure. He was trying to get the manel, wanel.

MB: That will be an interesting discussion tomorrow because there is going to be some fear from the white, male community. Let us get that out there. There is going to be some fear that this is some kind of affirmative action. We are already seeing it on boards. If you are a white male who is about to retire, who is looking for some board positions, and you go to talk to headhunters or the board chair and say, "Hey, I would like a board position with your company," they are likely to say, "Sorry, but we have got to get to the 30%

that the OSC has mandated, so we are looking for a female with accounting skills or compensation committee skills or HR skills because we need to gear up." I think men are fearful of that affirmative action piece.

The panel pledge, I am going to have an interesting discussion at my board tomorrow, and I am probably going to have an interesting discussion at our retreat—bringing that up as well—because people will say, "Do not tie my hands."

SB: I am going to pick up on that because it is as much about forcing affirmative action versus this nice balance. I had the real privilege of listening to Mike Babcock yesterday. He was head coach of the Toronto Maple Leafs. He was asked this question: "What do you do about diversity for all the great teams that you have worked on?" He said, "Diversity? I don't really pay attention to it; it just happens. It is just there. I have got women everywhere behind the scenes. On the ice, I don't care. It is about getting the best, most high-performance players, and I create a safe environment for them." It was really that safe environment piece that really connected with me because, if you create a safe environment, you create a high-performance team.

The other piece of this is the war for talent. Ten years from now, 75% of our workforce will be millennials and/or Gen Zs. That is what we are really chasing for: That group, the safe environment.

How do we actually get out in front of it so we are not going down affirmative action, so we actually can create this groundswell movement for change? What are some of the additional pieces we can take advantage of?

Actually, Scott, I am going to go to you on this one, because Scott has really got the hardest job in the room, I have to tell you this. Having come from where you are, how do you start the baby steps and start making that change take place in the brokerage world, the deal world?

SA: Our world, the brokers will look at themselves as they are not waiting for a deal to come in. They are out hunting and killing—those are probably the words that they would use to describe it. It is hard to change that mentality. What we have learned over the years—and I am not bragging here, but we have been to Harvard—is about change management. It was a two-day course, just so we are clear. I have got the least education on the panel. You learn the change. Some people are excited and invigorated by change, and other people feel fearful and are destabilized by change.

You have got to move the whole organization. There are 1,000 people in our brokerage; 439 of those are brokers. How do you change those? First of all, you do create the safe environment. I talked about going from a privately owned company to part of a publicly traded company to a publicly traded company. About ten years ago, we put in a hotline. If there is any disrespect in the workplace, there is a safe place you can go. We did that, and it did not have immediate change because maybe our managers were not the fairest at adjudicating when a complaint came in: "Don't worry about it. That will go away." We have had to really stay close to that and create that safe workforce.

You also have to articulate a vision. I should probably have Sheila come in and talk about why you want diversity in the workplace for those managers and for the employees, economically, EBDA-wise and revenue-wise. If we are excluding 50% of the population from a job at Colliers, we are excluding 50% of the smart people out there and the competitive people out there. We recognize that. You start doing your hiring differently. We tried this scouting program. We are being much more proactive and are going to universities; we are looking at outside and targeting who we want to go after. We are not going to get rid of all our top producers to bring a balance, but we just have to have a 10-year, 15-year plan to bring that diversity. That is how long it may take, but if you do not start, it does not happen. Your education has to be there. Part of our education, we have created within the Colliers acceleration program for new people. There is training for women. It is called "Taking the Stage," so they feel more confident in speaking in public and speaking in groups and speaking at meetings, and it is all around how to get heard at the boardroom table or the meeting room table. Little things like that, and you just keep trying. If it does not work, you go back and try something else, but you have to articulate that vision of where you want to go.

SB: Toni, I will talk to you. What about affirmative action versus setting the stage in the right directions? How do you calibrate that balance?

TR: It is an important debate because you have just heard about my dialogue on quotas versus targets, but I actually think the target is the better way to go versus a quota because quotas tend to create the wrong behaviour. They tend to fill things for the reason of just filling. To me, and from experience, it is based on a target, so you understand what the need is. We are all here today because we realize that there is room for improvement, certainly, with respect to gender parity, but beyond the gender parity is huge room for improvement from a visible minority perspective, from a perspective of diversity with respect to cultures.

I like what Scott is saying as far as creating a safe work environment for people to then aspire to do more, and you can do that through a couple of means. One is, from a target perspective, when you actually are transparent about your targets, when you are transparent about what the problem is, when you are transparent about what the gap is when you are trying to fill and about the why. We would like to be a more diverse organization. Why? Well, because the perspectives are better for our bottom line; the perspectives are better for society; we actually get better work; we are working better with our clients in the industry and better with the private sector.

That is what our dialogue would be. You talked about taking the stage for women, well, at IO, some of the programs that we are doing, again, are not gender specific only. At IO, we have something called "IO Speaks," which is Toastmasters. What we are finding is that it is not necessarily women that are coming in to learn how to be in front of a crowd; it is actually the ethnic minorities. It is the visible minorities that are in there because they, indeed, are the ones that are in need—not in need. But they want to find a way to be in front of senior management, in front of those that are going to make some decisions. To me, that is important.

The other thing, from a program and target perspective, what does your company culture look like? What is it that you are trying to do, and what do you care about? Again, I will speak from an IO perspective: We do care about inclusion and diversity. We are nowhere near there yet. At the C-suite, we are 50/50 female; at the board, we are 50/50 female. At the C-suite, we have 20% visible minority; at the board, nothing. That is a gap. We also are trying to do things within our company that reflects our employees. We have Pride at IO. We are very big with the LGBT community. We have accessibility at IO. We have, actually, deliberately gone out and tried—and not that it is easy—we have truly tried to find individuals that we could hire. We have two that are in—one now that is in a wheelchair. What that did for us was huge. It changed our workplace. From an accessibility perspective, it changed how we actually interacted with each other because of how Anna interacted and how she needed to do and perform. I think there is real opportunity, as you, Sheila, said, and that, to me—forget about affirmative. I think we get targets; we find the gaps; you are transparent about them, and you fill them.

SB: Here is a biggie where Michael's membership may get a little bit excited: What if you were to issue an RFP for the marketplace and say, "You can bid on our space. You can bid on our brokerage. You can bid on whatevers, but you have to have diversity as part of your RFP submission"? We have all done sustainability, so why not load in diversity to that? Toni, would you do that? Would that be a good opportunity?

TR: What a great way to make a statement in the marketplace. We have actually done very similar things from a diversity perspective. At IO, we do big, large infrastructure projects in all of our real estate. We are very prescriptive in what we need to do, and it is evaluated.

I am not going to say no to that because I actually think we look at our teams. It already exists.

MB: In law, which is my background, it is five years old. I have gotten questionnaires from five years ago from major clients: What is your law firm's total lawyers? What is the female head count? Male head count? Visible monitories? That is part of their service selection process, so I think the professions are way ahead of real estate. I think law is way ahead. I think accounting is way ahead. I think the big banks are way ahead. Look at RBC's program, it is a deep and well-thought out program. That already happens. There is the ability of our members, our 92 members to affect change—it is to send a questionnaire to your major suppliers. Ask the suppliers to disclose their breakdown of male, female, visible minorities. That would be game changing in real estate.

SB: That would be huge. Could you see responses to that? Do you collect those stats today?

SA: Do we collect? We do not collect on visible minorities. It is a pretty good indication of how many females we have in brokerage, around 12%. There is safety in numbers because we look at our competitors and think, "Well, we are doing pretty well." That leads to that complacency that does not drive change because you think you are as good as the competition; we think business is going well. I can tell you, we are addicted to winning, and so if part of winning is that diversity is in the RFP, things will change. We are addicted to winning.

SB: We have some really smart people that I work with at Monitor Deloitte. They had this whole thing called "How to Play, Where to Win,"—a really big topic. This is a big one. We have the mics going around the room. I am sure you are all just dying to ask some questions of our panel. Feel free, anybody. Keith Labbett is one of the large executive recruiters in the industry, and I am sure you have a really interesting perspective when it comes to either boards and/or the C-Suite.

Q: Yes, I am Keith Labbett, with DHR International Executive Search. Sheila, you will agree that since we started working a little while ago, together, looking around this room, the industry has come a long way. I have had the pleasure of working with most of you on the board in all of your organizations, and I know you do a great job. Just a couple of thoughts. Toni, you have touched on these points a couple of times. Have you utilized recruiting firms with dedicated diversity practices to add to your ecosystems? Then, the second part of the question is—and this is an area where we have had some success at DHR—are you targeting specific functional areas for diversity?

TR: Yes, and yes. Case in point, we, from the board level on down, we certainly started with leadership, so we utilized recruit firms and search firms to get the diversity needs that we needed after skills matrix. Most boards talk on governance first and you find out your gaps, and you find out what you need, and you target, and we really went out and found some of those right individuals.

Then, yes, on the diversity. I think I spoke about Anna. We have been, and we are not great yet; we are certainly not near, but we actually have started to go to different groups and associations on how to bring people into IO that normally do not come into this kind of setting, those with accessibility needs or diversity. So, yes, and yes. I think it is imperative, because we cannot do it on our own. Our company is very good at the competencies that we are very good at, but there are great organizations that do things for a living, andHR team is fantastic, but there are great organizations that do things for a living better so we take advantage of that best-in-class knowledge.

Q: My name is Chandran Fernando from Matrix. We actually specialize in the recruitment of diversity talent for the corporate real estate market across Canada. When it comes down to the nuts and bolts of real estate, real estate is all about communities, correct?

TR: Yes.

Q: If we are reflecting real estate to be Canada, in the last six months, three months, what are you proposing? I understand, Michael, you are proposing something to your board; I know, Toni, what you are doing—and thank you for that. I would like to understand why now? I understand it is good for business, but what is the practical solution for businesses, so that we are not focused on our biases? Affirmative action, we know, does not work. That is an excuse to hide guilt and blame. When it comes down to the overall function of human behaviour, you four individuals here, who are great leaders in the real estate industry, what are you

doing now in your current day-to-day action in regard to understanding your biases, and what are you doing to train that within your internal teams and on a corporate level? That is where you need to start.

SB: I will take that one on first. I was at Cushman & Wakefield before I joined Deloitte. Within Cushman, I think I had one of the most diverse teams in the entire marketplace. Now, at Deloitte, of the 25 people in my immediate team, I think that there are 70% that would be either gender diverse or culturally diverse. We live, breathe and die by that. For any of you who even know about Deloitte, we now have 4,600 people at our Bay Adelaide facility who do not have dedicated seating. It is all about inclusion and inclusive design. Our CEO right down to the most junior analyst has the same entitlements in our space. It has taken it off the stratosphere to somewhere different. What an amazing place to work. What an amazing experience to have all of those people coming together. For me, it is completely energizing. It is a tremendous opportunity for our industry. I hope that answers your question, from a Deloitte perspective. On to you, Scott.

SA: On to me. We are firm believers in the idea that everything you can measure, you can change, so you really have to know the data behind it. Seven or eight years ago, we started tracking through Aon Hewitt, our employee engagement score that has scores in there for diversity, and we have been moving that up steadily to last year, when we were able to win a Gold Employer. We believe in transparency, too. When you measure something, you let everybody know where it is. I was thinking of this up on stage—we are not doing it yet, but I think it is a good policy we should look at: If we want diversity in our business, right now the managers are all rated on things like the usage of our CRM system, EBDA, their Aon Hewitt Score in their individual office, their net promoter score, which is a service score. It is all transparent. Every manager can see it across Canada. We are a competitive group, so we set targets. We are not going to tell people that they have to get them, but we set targets for people to get there. We find that because we are a competitive group—nobody wants to be on the bottom—with the transparency of seeing the rankings, the bottom moves up, which pushes the top up. That is one of the tactics we are taking to move it up.

And I said that the first stage of change is awareness. You have to make people aware of what the situation in their office is and get them out of that comfort zone of "I am just as good as any other office around here, across Canada," and this applies to Colliers or anyone in our industry.

TR: The only other thing that I would add is that in the last three to six months, we have put in to play succession and performance management tools. I think that is the key to what you were talking about, Scott. It is a different way of looking at what we are, in fact, rewarding and how we are rewarding that. To be able to tackle that unconscious bias that you were talking about is really the crux. You just heard Michael talk about how what Sheila and I have been doing for the last six months is chirping in his ear, so I think here we are. We are having an open dialogue now. That is the other thing that we are doing.

MB: I would accept your challenge. I think what you said was very true—unconscious bias. Scott has really talked about it in his shop. It is a challenge for me. I am picking it up, and I am in the business of change management, and it is on my list.

Q: In regard to being on our list, at the end of the day, the whole civil rights movements happened in the '60s. Fifty years later, we are still talking about what we started 60 years ago with the women's movement, the colour movement, the immigration movement in the '80s, and now we are approaching it, again. At the end of the day, it is great that it is one of the many things on your list. I understand that as a business; I get that. But when it comes to leadership, as Toni mentioned, it has to be explicit. It has to come from the top and

the bottom because it is both. It is re-education of the mind, and it is through bias training. Have any of your organizations, through the HR component or the leadership training program, actually done, in the last 24 months, a program for explicit and implicit biases? That is a starting point, I think.

SA: I will say that our HR department and the senior management teams work hard at coaching our managers. With the nature of our industry, it is hard to tell a commissioned salesperson what to do, so you have to coach them. That coaching is all about awareness and listening. You have to be listening. When you are self-aware, and you are listening, that is when you start realizing, "I have a bias; I am actually holding this person back; I am holding this program back."

I would say that we have been very intensive in that over the last five years. We have really been ramping it up over the last two. We have looked at that. I am not going to take discredit for the last 50, 60 years that you talked about because I know I am old, but I am not that old.

In context, for Colliers just six years ago, I could not tell you how many employees we had in the brokers' division. I could not tell you how many were licensed and unlicensed, let alone how many were male and female. The age of great data—we are just really getting into that. We have had computers for 30 years, but they have not really helped us analyze things instantly and not through software like Microsoft's Business Intelligence software. You are starting to see that.

I do not know our ethnic diversity. I do not know if we have ever checked that. I do not even know if I can go through and check that, to be honest. If we had that data, we can improve it. That is my belief. If you have the data, you can improve it. Sixty years ago, I did not have that data. Five years ago, I did not have it. We did have a diversity program at Colliers North America–wide for about four and a half years. From the data perspective, that is where it starts showing up. It is not just a perceived problem; we have a real problem here that we have to change.

SB: This is a really important conversation for our industry. For those of you in the room, I think by coming here, today, you showed how important it is, and, certainly, for those of us on the panel—and poor Scott because he represents all of the brokerage industry, which we know that we have to change. You are very brave to come, very brave to come.

And Michael, you also are very brave to take the challenge that Toni and I issued to you to change it from the top of the house. For any of you, if you have ideas, thoughts, send emails to any of us.

We are now engaged. We are now passionate about the subject, and it really is the war for talent, the war for people, the war for engagement and the war for opportunity for our industry. Thank you for joining. I would like to turn it back over for the formal conclusion.

TR: Sheila, I think you and I are brave as well for sitting up here for actually kind of creating the dialogue.

PF: Let us give a warm round of applause for our fantastic panel. As Sheila said, this is, in some ways, the beginning of a conversation that is going to continue over time. I certainly learned a lot today. I would like to quote Michael: "Bricks are dead. It is people, people, people." I certainly do not want to be on a sporting field across from Toni.

It is my pleasure to welcome Peter, from Yardi, to deliver our official thank you to our panel.

Note of Appreciation, by Peter Altobelli, General Manager and Vice President, Sales, Yardi Canada Ltd.

I have been asked to thank our esteemed panel. It is a lot to prepare for when you have to speak on a regular basis. Preparing for these types of events takes time and energy and getting your information together. I want to extend a thank you to all of our panelists for providing this type of discussion and this type of conversation. It can get very political. It can become very diversified, I know. We are an international company, and when I have seen our executives come over from different parts of the world that are in the Yardi offices, they often say to me, "It is so diversified." I tell them that we are a reflection of the city of Toronto. The diversity for us has grown. It is not thought of. It is done every day. It is great to see that this is now coming through this entire real estate industry.

To all of you, thank you very much for your preparation and contributions this afternoon. Thank you.

Concluding Remarks, by Paul Fogolin

Again, I would like to really give a warm thank you to our sponsor, Yardi, as well as our VIP sponsor, QuadReal Property Group. We are a not-for-profit organization, and we simply could not host lunches like these, especially, these sorts of conversations without our sponsors. Thank you.

I would also like to thank the *National Post*, who is our print media sponsor, and mediaevents.ca, Canada's online event space for live broadcasting this webcast. We often get hundreds of viewers at home and, in fact, around the world. For some reason, Germany seems to love watching our events—fun fact.

Although our club has been around since 1903, we have moved into the 21st century, and we are very active on social media. Please, follow us on Twitter @Empire_Club. I also understand we have a Snapchat account. I do not have one, personally, but apparently ours is pretty fantastic.

Finally, please, join us for our next event on June 19th, here, at One King West. We have Minister Michael Chan, who is the Minister of International Trade and whose talk will be our last lunch of the season.

Thank you so much for coming and joining us today for this conversation. I hope you had a wonderful time, and we will see you next time.

The Empire Club Presents

THE HONOURABLE MICHAEL CHAN, MINISTER OF INTERNATIONAL TRADE, ONTARIO

WITH SECURING ONTARIO'S LONG-TERM ECONOMIC GROWTH AND STABILITY THROUGH FREE TRADE AND DIVERSIFICATION

June 19, 2017

Welcome Address, by Paul Fogolin, Vice President of the Ontario Retirement Communities Association and President of the Empire Club of Canada

Good afternoon, once again, ladies and gentlemen. I hope you all enjoyed your lunch. From the One King West Hotel in downtown Toronto, welcome, to the Empire Club of Canada. For those of you just joining us through either our podcast or our webcast, welcome, to the meeting.

Before our distinguished speaker is introduced today, it gives me great pleasure to introduce our Head Table Guests. I would ask that each of you rise once your name is called. Typically, masters of ceremony ask the audience to refrain from applauding, but anybody who has been to an Empire Club lunch this season knows that I do not believe in that, so clap as much as you can for each of our wonderful Head Table Guests.

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Michael Chan, Minister of International Trade, Ontario

Guests:

Mr. David Agnew, President, Seneca College

Ms. Johanne Bélanger, President and CEO, Tourism Toronto

Mr. Chris Donnelly, Vice President and Counsel, Regulatory & Public Affairs, Manulife

Ms. Barbara Jesson, President and CEO, Jesson + Company Communications Inc.; Director, Empire Club of Canada

Mr. Paul Lehmann, Director, Government Relations, BMO Financial Group

Mr. Jeff Shell, Managing Director and Co-Head, Global and Trade Banking, BMO Financial Group

Ms. Jan De Silva, President and CEO, Toronto Region Board of Trade

Ms. Sue VanderBent, CEO, Home Care Ontario; Director, Empire Club of Canada

Once again, my name is Paul Fogolin. In my day job, I am the Vice President of the Ontario Retirement Communities Association and your President for the Empire Club of Canada. Ladies and gentlemen, your Head Table.

I would also like to thank the Canada China Trade Innovation Alliance for sponsoring our student

table. We have a group of students from Centennial College. Please, stand up. Wonderful.

When the Empire Club was founded in 1903, Canada's foreign trade amounted to roughly $450 million per year—the Minister is laughing already. Today, the rovince of Ontario, alone, conducts over $1 billion in trade per day, and that is just with our largest trading partner, the USA. In light of this, it comes as no surprise that President Trump's promise to renegotiate NAFTA will have a massive effect on the Ontario economy. It is tempting, sometimes, to close our eyes and wish this grim reality would just fade away like a bad dream. We all know, however, it is not in our collective best interest to stick our heads in the sand. Any good financial advisor will recommend that their clients diversify their investment portfolio. It is unwise, after all, to have all your eggs in one basket. The same can be said of governments and trade. The U.S. will always remain our strongest partner, but if we wish to maintain the standard of living that we have and wish to continue to fuel economic growth, we need to diversify our trading partners, and increasingly focus on emerging markets where there is the most opportunity for growth.

It is not just about expanding who we trade with; it is also about considering what we are promoting to the world. There needs to be a larger focus on new economies, sectors like fintech and cleantech to complement the more traditional industries that have dominated trade for centuries, such as resources and manufacturing. All of this requires leadership.

Here, in Ontario, we are fortunate to have a Minister of International Trade who is enthusiastically embracing diversification, exploring new opportunities and leading the province in an exciting new direction. Michael Chan was first elected to the Ontario legislature as the MPP for Markham in a by-election in 2007. He was then elected as the MPP for Markham–Unionville in 2007 and re-elected again in 2011–2014. During his tenure at Queen's Park, Minister Chan has also served as Minister of Revenue and Minister of Citizenship and Immigration.

Prior to embarking on his political career, Minister Chan, who emigrated from Hong Kong more than 40 years ago and has lived in Markham since 1995, owned and operated an insurance brokerage firm. Chan and his wife, Elaine, live in Markham with their two sons, Alex and Brian.

Let us provide a very warm welcome for our guest of honour today, Ontario's Minister of International Trade, Michael Chan.

Michael Chan

Thank you, thank you. Thank you very much, and, of course, I am delighted to be here. Friends, ladies and gentlemen, good afternoon.

I want to begin by thanking the Empire Club for organizing this event and for hosting it today. To our sponsors, Manulife and BMO, thank you so much for your support. Thank you for your participation. I want to thank the Canada China Trade Innovation Alliance for sponsoring the student table, as echoed by President Paul Fogolin.

This year, 2017, is a great year, a great year to celebrate birthday parties. Of course, Ontario and Canada are 150 years old. You know what? Manulife is 130 years old, and the eldest brother of them, BMO, is 200 years old. Talk about population aging, here you go. Congratulations, to you all for reaching these important milestones!

Ladies and gentlemen, events like this allow us to evaluate what we have while empowering us to think ahead to what may come. On that note, I have been thinking about how our actions today will shape Ontario's economy tomorrow and beyond. I want to say thank you. Thank you very much for taking time out of your busy schedules to hear about the importance of international trade amid a shifting global economic and political landscape.

Today, I want to address how trade supports our government's top priority of driving economic growth and job creation. Also, I am going to describe how we are leveraging free trade agreements and diversification to our long-term economic growth. In my opinion, it is important to dream big and to have long-term plans, but it is just as important to plan that journey through peer growth and measurable results.

Ontario's economy is thriving. It is healthy, and it is strong. We have balanced the books for the first time in a decade. We have created 700,000 net new jobs since the global recession of 2008 and 2009. By the way, the majority of those jobs are well-paying, full-time and private-sector jobs. Our TDB grew by 2.7% in 2016, which is nearly twice as much as Canada's National TDB growth. It is also higher than the G7 countries. Ontario has worked hard to achieve these successes, which is the result of a plan and the team effort to invest in our people and our economy.

With over 140 million consumers, within a day's drive, our province is one of the most well-located economies in North America. Ontario business sectors are diverse, from agricultural food to auto, from financial services to high-tech and clean-tech, and from mining to movies. When I travel internationally to promote trade, I always highlight Ontario's strength, like our highly skilled workforce, our competitive business environment, our ability to access to free trade in key global markets, and our social and cultural diversity.

We all know that Canada is a trading nation and the U.S. is our greatest trading partner. Our economies are deeply integrated through industry and people. Together, we generate over 1 trillion in trade, annually. Nine million jobs created in the U.S. are directly dependent on trade with Canada. We are each other's best customer. In fact, Canada and the U.S. do much more than trade. We build things together. In 2016, Ontario-US trade included a total of about $400 billion. Compare that to just $89 billion for Alberta; $80 billion for Québec; $40 billion for B.C., and you will see that the numbers tell a compelling story about Ontario. A strong Ontario means a strong Canada. A strong Canada means a prosperous North America. A prosperous North America means the largest trading block in the world. For that reason, Premier Wynne and I are actively building stronger ties with our trading partners.

In February this year, we created a premier-led, across-ministry committee on Ontario-U.S. economic and trade relationship. We host numerous round tables with business leaders to hear the wheels on the reopening of NAFTA. We retained the services of a provincial advisor on trade for Ontario, John Gero. John was the previous Ambassador to the World Trade Organization, Chair of the General Council. His knowledge and expertise will advance Ontario's interests with the U.S. and Mexico. Working closely with my colleagues across municipal, provincial and federal governments, we are shaping Ontario's position on key trade issues. Together, we support the federal government's effort to create a positive dialogue with our partners in the U.S. and Mexico. The North American Free Trade Agreement links over 480 million people and produces over $26 trillion worth of goods and services. It is the foundation of our strong trade and investment ties with our trading partners. It underpins the significance or mobility, the free flow of goods and services and people across the borders. Ontario supports open and free trade. Expanding trade is key to our economic future. Fundamentally, we are committed to protecting Ontario's interests and at the same time, deepening our business interaction with our NAFTA partners. In that respect, that is where regional free trade agreements, as well as bilateral trade and investment agreements are critical to ensure our province's long-term prosperity.

This summer, the Canada–European Union Comprehensive Economic and Trade Agreement (CETA) comes into force. CETA is another avenue and platform that will strengthen Ontario's global economy. When fully implemented, CETA will immediately eliminate 98.6% of existing tariffs. It is expected to add $4.5 billion to our GDP, creating 30,000 jobs. Through NAFTA and CETA, alone, businesses that trade internationally have access to about 1 billion consumers and tens of trillions of dollars in market values.

Let us also not forget the proposed bilateral Canada-China free trade agreement, which is in the early stages. Yet, in today's global economy, which is highly competitive and complex, we are seeing shifting in trade policies that we have taken for granted. In my opinion, we are living in a time of risk amid growing protectionism, populism and geopolitics in some parts of the world. There is a temptation to turn inwards and to step back to a period of independence, not interdependence. Therefore, a steady-as-you-go approach to trade will not help us. We can no longer sit still. A culture of complacency must end. Overdependence on any one market or sector is not a preferred option. It is downright risky. I think, Paul, you talked about the importance of not putting all your eggs in one basket. Just imagine this: You are putting all the eggs into a hanging basket that has no bottom. This is really, really risky. Therefore, we must diversify our trade with the rest of the world now.

In my travels, I always promote Ontario in this way, by inviting companies and investors to come and invest and establish a presence in Ontario. We are moving quickly because we need our businesses to increase and diversify the export; we are moving quickly because we need to strengthen trade through diversification; we are moving quickly because global competition is already moving quickly; and we are moving quickly to protect the interests of Ontario businesses and workers. This is a critical time for trade, and Ontario seeks to be at the forefront of trade growth.

I want to draw your attention to look at what Ontario is doing to promote trade diversification. Last summer, Premier Wynne created the first-ever standalone Ministry for International Trade. It is a clear signal from our government to support trade by outreaching to the world.

Our Ministry is now the central hub for all the international trade activities for the province. We are investing skillfully to become a hub of talented people, a hub of ideas and a hub of innovation. The best example of this is the Toronto-Waterloo Tech Corridor, which is the second-largest innovation corridor in North America after Silicon Valley.

As the Ontario Minister responsible for international trade, my job is very simple, very easy. My job is to sell Ontario to the world, while, at the same time, attracting investment from the world to Ontario. We seek the kind of partnerships and diversification that boosts economies and that is able to withstand economic ups and downs. There is a saying where if you want to go fast, go alone, but if you want to go far, please, go together. Our Ministry's reference to trade, therefore, reflects on our government's approach, based on four key areas. The first emphasizes the diversification to new customers, to new markets, products and services. The second positions us as an operational centre for Ontario's trade ecosystem. The third, is a better drive of intelligence for better results, which matches collaborations and partnership through sound management and measurement. The fourth builds on strength in technology and innovation to drive trade diversification.

We know that businesses that trade internationally tend to grow faster, be more successful and tend to generate quicker income. Through trade diversification, consumers benefit from quicker choice and quicker investment options. When entering beyond our borders, we must be strategic by correctly identifying the goods and services that consumers from around the world are most interested in.

I will tell you one of our challenges is that it is rather difficult to capture trade statistics and impact on services. We are working to rectify this by developing new research and business intelligence gathering, which I referenced earlier. This is a key area of focus for us as we keep building partnership on this front. Yet, in Ontario, it is in diversified services that we are very, very strong, for example, in engineering, construction, innovation, education, tourism, finance and health, just to name a few. The rapid expansion of e-commerce has made headlines globally and is reshaping the business landscape. Some recent report has projected that the e-commerce market, by 2025, would be worth over $2.5 trillion. E-commerce is not just a sales platform, but there is an entire enterprise of the technology behind it, from payments to cybersecurity; for example, in early February, while I was in India, I met with Paytm, the country's largest mobile commerce platform there, but do you know that they have a presence here in Toronto and now employ around 50 high-skilled workers, right here in Ontario's Innovation Corridor?

In April, I was in China. While in China, I witnessed a fascinating partnership taking shape between China-based WeChat Pay and Toronto-based OTT Financial. Over there, these two companies have joined forces to enable visitors from China to pay for goods and services here in Ontario directly in Chinese money, Renminbi, through their mobile phones. WeChat currently has over 900 million monthly active users, and 500 million of them use WeChat Pay. I will let you do the math on the potential for Ontario businesses. In fact, just last week, they also signed with Alipay, Alibaba's mobile commerce division. This is a growing field. Ontario companies need to take notice. We must, therefore, leverage our strengths and competitive advantages to expand our trade in services as the world continues to demand it. We must broaden our trading partners globally, starting today. This does not mean we need to do anything less with the U.S. It just means we need to do more elsewhere by tapping into the world's faster growing economies in Asia and elsewhere.

Ontario is the centre of our country's manufacturing, finance, ICT and cleantech sectors, so we must fully leverage these strengths. Over the last two years, I have traveled far and wide to promote Ontario's trade agenda. Our team has been in Mexico, India, China, Germany, UAE, Qatar, the UK, and of course, USA. In all our travels, a common theme keeps emerging: We need more of Ontario. We need more partnerships. We need to trade more, globally.

We need to encourage more of Ontario companies to go global. Ontario needs to be a market beyond North America and the European Union to the Asian region, including, China, India, Japan, Korea, Brazil, UAE and others. In many ways, doing business internationally is a mindset. Ontario's presence in the market I just named is therefore not random. It is deliberate.

Obviously, we cannot be in every country in the world. This is why we target primary markets. In other words, we are going to where the real growth and opportunity is for us to help you trade relationships, to facilitate trade deals and to provide in-market support. Ontario has 13 offices around the world, in San Francisco, New York, Mexico City, San Paolo, London, Paris, Berlin, New Delhi, Mumbai, Hong Kong, Shanghai, Beijing, Tokyo and so on. Thanks to this year's budget, my Ministry will be expanding our global presence by adding staff to access all potential opportunities. These dedicated people are on hand to directly assist Ontario businesses with their international plans. Together, with our business sectors, we are building up Ontario to compete and succeed globally.

This leads me to an important point. We need to have a better and smarter engagement between our global offices and the companies that have or are planning to branch out internationally. We view this engagement as a partnership that I like to call a partnering with Ontario. This is how a diversification strategy works best for Ontario's long-term growth. Because of globalization, importance in trade will only increase in the months and years ahead both in international trade and U.S. free trade agreements, and diversification is an important part of our government plan. It is crucial in helping business to expand abroad by growing our economy at home. It allowed us to leverage opportunities on the international stage, opportunities that protect our workforce and empower our economy, opportunities that maintain our high quality of life, opportunities that safeguard our future generations. We do all this to ensure Ontario remains competitive and prosperous in a safe, secure and stable place we call home, in the best province, in the best country in the world.

Thank you for the opportunity. Thank you. Merci beaucoup.

Note of Appreciation, by Jeff Shell, Managing Director and Co-Head, Global and Trade Banking, BMO Financial Group

Good afternoon. My name is Jeff Shell. I am the Co-Head of BMO's Global Trade and Banking Business. I am delighted to be here to thank Minister Chan for his remarks today. I think I speak for everybody when I say how much we appreciate the message that you delivered

today. Free trade and diversification are absolutely vital to our economic success. That is true in Ontario; it is true in Canada; and it is true broadly across the world.

Speaking on behalf of all of us at BMO, we are strong supporters of free trade. We are strong supporters of even freer trade. This is something that we work with our clients across the world to promote every day. We have 30 offices across the world—including 14 that are outside of North America—whose job is, day in, day out, to make it easier for Canadian companies to reach new markets and to find new clients. In fact, those 14 offices outside of North America cover every single city that the Minister mentioned, until he ended with Tokyo, of course, which is the only city that we do not, in fact, cover in person.

I am particularly excited to hear the messaging from you, Minister, about how we can be so much more successful if we work in partnership. The private side is going to do our part. We are going to continue to support in the financial sector space, Canadian companies looking to do business abroad and companies abroad looking to do business in Canada, and so will the government, but when we do it together, we can just be so much more effective.

Broadly, I think we all understand, we all agree that free trade advances economic interest at home. It also enhances the economic prosperity of the world. We know that trade reduces poverty. We know that trade helps harmonize standards. We know that trade encourages value-added specializations in countries, and it reduces waste in the supply chain. It is absolutely a great thing to do for us and for the economies that we exist in and in the economies we support.

We also are probably more conscious of the value of diversification today than maybe ever. In fact, I am proud to say that our CEO, Bill Downe, was one of the first to publicly announce how essential it is that Canada and China work together on a bilateral free trade agreement. We are gratified and proud to hear the Minister's comments about progress that we have made, and we look forward to continuing along this trend. It is great for Canada. It is great for China. It will bring us closer together.

Minister, for all that you have done, for all you have said today and which all of us know you will be doing, thank you, and I want to wish you best of luck.

Concluding Remarks, by Paul Fogolin

A very warm thank you, once again, to our sponsor, BMO, as well as our VIP reception sponsor, Manulife. We are a not-for-profit club. Without the support of corporations like this, we simply could not host these discussions, so, thank you, once again.

This being my last lunch of the season and the last lunch of the Empire Club season for 2016/2017, I am going to go a little bit off script, so just bear with me. There are a few people that I want to acknowledge and thank. The first I want to acknowledge is our next President, Barbara Jesson, who is with us today, and I wish her best of luck in her season. Barbara has been the Chair of our Speakers' Committee for two years and has helped us have such an incredible roster. I think we have nine speakers already lined up for next year, so we are set up to have an amazing season.

I would also like to thank the staff at the Empire Club, namely, Jehan and Taylor and Erin, who is not with us, but these three work incredibly hard to put all these events together. I could not do this without them, so let us give them a round of applause.

Finally, she is going to be upset about this, but my girlfriend, Candace, is with us in the audience, today, and she is turning very red. She has been incredibly patient. This is our 28th event of the season, and she spent countless evenings up in the office helping me wordsmith my introductions. Thank you so much for your patience.

Last, but not least, I want to thank you. I want to thank you and the thousands of guests that have attended Empire Club events this season. When I kicked off this season, I did this thing where I take my phone out and I remind us that we all have access to more information than we have ever had in history, but events like this that we do at the Empire Club are even more valuable than ever because we get to have people like Minister Chan and those closest to the issues of the day speak about them with an air of experience. We all take a little bit of time to put our phones down and listen and engage. I think that is more valuable now than ever.

Thank you and long live the Empire Club of Canada!